



**REXIT**

**REXIT BERHAD** 200401029606 (668114-K)

**ANNUAL REPORT 2023**

# CONTENTS

<b>Page 2</b>	CORPORATE INFORMATION
<b>Page 3</b>	CORPORATE PROFILE
<b>Page 5</b>	PRODUCTS & SERVICES
<b>Page 6</b>	CORPORATE STRUCTURE
<b>Page 7</b>	DIRECTORS' PROFILES
<b>Page 10</b>	KEY SENIOR MANAGEMENT PROFILES
<b>Page 11</b>	CHAIRMAN'S STATEMENT
<b>Page 13</b>	MANAGEMENT DISCUSSION AND ANALYSIS
<b>Page 16</b>	SUSTAINABILITY REPORTING
<b>Page 18</b>	CORPORATE GOVERNANCE OVERVIEW STATEMENT
<b>Page 28</b>	STATEMENT ON DIRECTORS' RESPONSIBILITY
<b>Page 29</b>	ADDITIONAL COMPLIANCE INFORMATION
<b>Page 30</b>	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
<b>Page 32</b>	REPORT ON AUDIT AND RISK MANAGEMENT COMMITTEE
<b>Page 35</b>	FINANCIAL STATEMENTS
<b>Page 95</b>	DETAILS OF LANDED PROPERTY
<b>Page 96</b>	ANALYSIS OF SHAREHOLDINGS
<b>Page 99</b>	NOTICE OF ANNUAL GENERAL MEETING FORM OF PROXY

## BOARD OF DIRECTORS

Datuk Ng Kam Chiu  
Chairman / Non-Independent Non-Executive Director

Datuk Chung Hon Cheong  
Chief Executive Officer / Executive Director

Si Tho Yoke Meng  
Chief Operating Officer / Executive Director

Dato' Abdul Murad Bin Khalid  
Non-Independent Non-Executive Director

Kuah Hun Liang  
Non-Independent Non-Executive Director

Chan Chee Yuan  
Independent Non-Executive Director

Amarjeet Kaur A/P Ranjit Singh  
Independent Non-Executive Director

## AUDIT AND RISK MANAGEMENT COMMITTEE

Chan Chee Yuan  
Chairman / Independent Non-Executive Director

Datuk Ng Kam Chiu  
Member / Non-Independent Non-Executive Director

Amarjeet Kaur A/P Ranjit Singh  
Member / Independent Non-Executive Director

## REMUNERATION COMMITTEE

Datuk Ng Kam Chiu  
Chairman / Non-Independent Non-Executive Director

Chan Chee Yuan  
Member / Independent Non-Executive Director

Amarjeet Kaur A/P Ranjit Singh  
Member / Independent Non-Executive Director

## NOMINATING COMMITTEE

Datuk Ng Kam Chiu  
Chairman / Non-Independent Non-Executive Director

Chan Chee Yuan  
Member / Independent Non-Executive Director

Amarjeet Kaur A/P Ranjit Singh  
Member / Independent Non-Executive Director

## COMPANY SECRETARIES

Ng Heng Hooi (MAICSA 7048492)  
(PC No. 202008002923)

Wong Mee Kiat (MAICSA 7058813)  
(PC No. 202008001958)

## CORPORATE OFFICE

42, Jalan BM 1/2  
Taman Bukit Mayang Emas  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7803 1131 Fax: 03-7803 8896  
www.rexit.com

## REGISTERED OFFICE

Level 5, Tower 8  
Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur  
Tel: 03-2280 6388 Fax: 03-2280 6399  
Email: listcomalaysia@acclime.com

## PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad  
CIMB Bank Berhad

## AUDITORS

Ecovis Malaysia PLT  
Chartered Accountants  
No. 9-3, Jalan 109F,  
Plaza Danau 2, Taman Danau Desa  
58100 Kuala Lumpur  
Tel: 03-7981 1799 Fax: 03-7980 4796

## SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.  
Lot 10, The Highway Centre  
Jalan 51/205, 46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7784 3922 Fax: 03-7784 1988  
Email: binawin@binamg168.com

## STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad  
Stock Name : REXIT  
Stock Code : 0106

Rexit Berhad (“Rexit”) is a company that focuses on delivering solutions and services to the Financial Services sector particularly the General Insurance industry. Rexit’s knowledge and understanding of the business processes and operations of the industry, and its capability to continually identify advances in technology and successfully adapting those for the benefit of its clients have made Rexit the solutions partner of choice.

Rexit has grown from a four-person operation in 1998 into a public-listed company by November 2005. Rexit is listed on the ACE market of Bursa Malaysia Securities Berhad.

Rexit offers several web-based insurance solutions which cater for the front-end marketing and sales functions, as well as the back-end operations and management requirements of insurance companies.

As a public-listed entity, Rexit not only has the financial capacity to undertake large IT projects but also has the experience of managing large IT infrastructures. It also operates under the stringent requirements of various regulatory bodies ensuring that there is proper corporate governance and prudence in its operations.

Rexit offers the following software solutions and services:-

### **e-Cover – Enabling online insurance transactions**

Rexit’s business model is the provision of Software as a Service (“SaaS”) which is based on a ‘pay per use’ basis. This business strategy has enabled Rexit to be a key partner to the financial and legal services industries. The SaaS model was adopted in order to help companies to address the biggest concerns in IT investments, namely the high capital expenditure, difficulties in retaining IT expertise, the technology risk, and the high costs of operating and maintaining IT systems.

Rexit’s *e-Cover* suite of web-based solutions which provides an on-line system for insurance companies and their intermediaries. Insurance transaction data is now entered by thousands of agents with the *e-Cover* system instead of relying on the personnel of the insurance companies. The *e-Cover* portal has also launched the De-tariffed Module to cater for the market liberalization. This Module and its proprietary Rating Engine have been implemented with the liberalization of the motor tariff fully implemented.

Through a common interface, agents can transact for multi-principals using the multiple devices instead of different terminals and operating environments in the past. Today, the *e-Cover* portal can be accessed using different browsers like Internet Explorer, Google Chrome, Mozilla Firefox and Safari from various devices running on Windows, Android and Apple iOS. The capability is extended to any location so long as there is access to the Internet. This fits into the business model of providing service anytime, anywhere which most insurance agents operate in.

Rexit also provides the electronic link between insurance companies and the Malaysian Road Transport Department (“JPJ”) through Reward Link.com Sdn Bhd (“Reward Link Gateway System”). The Reward Link Gateway System enables insurance cover notes of motor vehicles in Malaysia to be transmitted on line between insurance companies and JPJ.

Rexit has also developed, manages and operates the mySalam portal for eligible members. The mySalam national health protection scheme is an initiative by the Government that aims to provide recipients with free Takaful health protection.

### **e-PPA – Enabling online unit trust investment through EPF**

Although Rexit’s core business is focused on the Insurance industry, it has recognized the opportunities in expanding its business model in the other financial services sector.

Rexit has also expanded the SaaS model to include the Malaysian unit trust industry following our appointment by the Federation of Investment Managers Malaysia (“FIMM”) as the third party administrator for electronic submissions by their member companies to the Employees Provident Fund (“EPF”). The application known as the e-Pelaburan Pilihan Ahli (“*e-PPA*”) system is an industry platform for the submission of unit trust investment and redemption applications which are settled electronically using the EPF member’s contributions. The *e-PPA* system provides a closed loop process involving the unit trust companies, the EPF and their nominated bank for all processes within a turnaround time of less than 3 days.

The *e-PPA* system is adopted by all FIMM as well as non-FIMM member companies.

### **InfoGuardian – Enabling online legal documentation**

Rexit has further broadened its SaaS solutions with the introduction of the *InfoGuardian* Work Management Suite (“*InfoGuardian*”). *InfoGuardian* is an integrated workflow, case management and document management system specially designed for the financial and legal services industries, to provide and facilitate an on-line information sharing environment for multiple users within and outside client organizations.

*InfoGuardian* provides key tools that enable quick and informed business decisions and promotes transparency between the various parties involved in any work process. The *InfoGuardian* Suite can be easily adapted for various industries.

*InfoGuardian* is used by an international Islamic bank and a local bank together with their panel of legal firms and property valuation firms.

### **Overseas Operations**

Rexit also markets its software solutions and services internationally through its wholly-owned subsidiary, Rexit International Sdn Bhd. It is well placed to reinforce our presence through our existing clients in Hong Kong Special Administrative Region of the People’s Republic of China (Hong Kong SAR) and Singapore. The implementation of these projects means that our software has undergone the process of localization in these countries. This further enhances the marketability and the acceptability of our products and services in these markets.

We will continue our efforts to market our e-Cover to the regional market with local strategic partners in the market identified. The ‘local’ partners with a comprehensive knowledge of the local business environment will be in the best position to provide the necessary linkages to the government and the business sectors. The successful adoption of the e-Cover system by insurance companies based in Singapore and Hong Kong SAR has provided the Group with the opportunity to localize the e-Cover system to meet the local industry requirements.

In order for the Group to continuously stay ahead in the competitive information technology business and to provide new and enhanced software solutions to meet the needs of our clients, Rexit has set up Rexit Software (Guangzhou) Co Ltd for the purpose of carrying out research and development for our overseas projects. Furthermore, the setting up of this base will provide the Group with the availability of additional resources for projects in the region.

Rexit offers a broad range of solutions and services specifically for the Insurance and Financial Services industries that want to benefit from implementing secured e-commerce.

Our products support the entire spectrum of insurance processes and operations spanning from the external sales and marketing processes through the various distribution channels which include agents, brokers and banks through to the internal operations that involve the management of intermediaries and service providers, policy administration, underwriting, customer services, claims management, compliance, reinsurance, etc.

Rexit also has the capacity to provide solutions and data management services for large scale nationwide implementations and support various government initiatives.

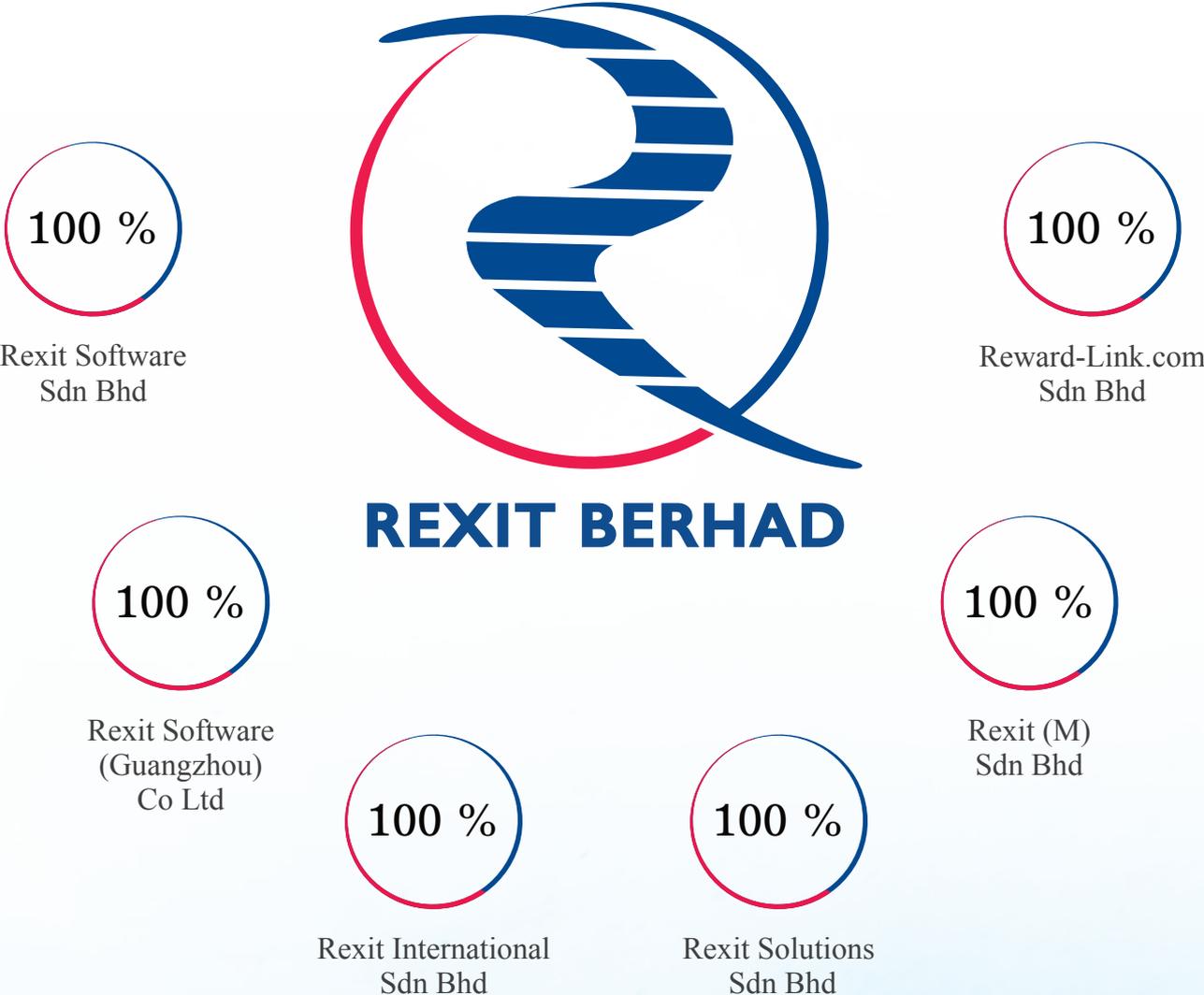
Our primary products are:

**e-Cover**, an online insurance transaction system that enables a business to deliver products and services electronically and within a short time-to-market. It is available 24x7 anywhere. The shared services model adopted significantly reduces the cost of ownership.

**e-PPA**, an online system used by all approved unit trust companies in Malaysia to submit investment and redemption applications to the EPF whenever EPF members invest in selected unit trusts using their EPF contributions.

**InfoGuardian**, an integrated workflow, case management and document management system that provides and facilitates an on-line information sharing environment for multiple users within and outside the customer's organizations.







*Front (From Left to Right) : Chan Chee Yuan, Amarjeet Kaur, Datuk Chung Hon Cheong, Si Tho Yoke Meng, Datuk Ng Kam Chiu, Kuah Hun Liang, Dato' Abdul Murad Bin Khalid*

**DATUK NG KAM CHIU** 77 years of age, Malaysian, Male  
Chairman / Non-Independent Non-Executive Director

Datuk Ng was appointed to the Board on 2 September 2005. He holds a Bachelor of Social Science (Honours) degree from the University of Singapore and a Master in Public Administration degree from the University of Southern California (Washington D.C.). He started his career with the Malaysian Administrative and Diplomatic Service in 1970 and worked in the Penang State Secretary's Office. He has served in the National Institute of Public Administration, the Prime Minister's Department, the Road Transport Department, and the Ministry of Science, Technology and Environment. He retired from the civil service in 2002.

Datuk Ng is the Chairman of the Nominating Committee and Remuneration Committee. He is also a Member of the Audit and Risk Management Committee. He attended all four (4) Board meetings held in the financial year ended 30 June 2023. On 22 May 2023, he was re-designated from Independent Non-Executive Director to Non-Independent Non-Executive Director.

**DATO' ABDUL MURAD BIN KHALID** 70 years of age, Malaysian, Male  
Non-Independent Non-Executive Director

Dato' Abdul Murad was appointed to the Board on 17 October 2007. He holds a Diploma in Accounting and Bachelor of Economics (Honours) degree from the University of Malaya. He is a Member of the Malaysian Institute of Certified Public Accountants. He started his career with Bank Negara in 1976 as an Administrative Officer and was appointed as Assistant Governor in 1994 until his resignation in 1999. He joined RHB Bank Berhad in January 1999 as Executive Director until his resignation in September 1999. He currently sits on the Board of several private limited companies.

He attended all four (4) Board meetings held in the financial year ended 30 June 2023. On 22 May 2023, he ceased to be a Member of the Audit and Risk Management Committee, Remuneration Committee and Nominating Committee.

**KUAH HUN LIANG** 62 years of age, Malaysian, Male  
Non-Independent Non-Executive Director

Mr. Kuah was appointed to the Board on 17 December 2007. He holds a Bachelor of Science (Hons) degree in Applied Economics from the University of East London. Mr. Kuah has more than 30 years of experience in the financial markets. He started his banking career at Public Bank Berhad in 1983. He joined Deutsche Bank AG in 1989 where he served as a Treasurer and was then promoted as the Managing Director and Head of Global Markets. He gained extensive experience in the field of trading and sales, as well as debt and equity capital markets during his tenure as the Head of Global Markets. In 2000, he was appointed as an Executive Director of Deutsche Bank (M) Berhad and promoted to be the Chief Executive Officer in 2002 and held the position till September 2006. Mr. Kuah is currently the Independent Non-Executive Director of MPH Capital Berhad and a Director of FMH Capricorn Holdings Sdn. Bhd.

He attended all four (4) Board meetings held in the financial year ended 30 June 2023.

**DATUK CHUNG HON CHEONG** 62 years of age, Malaysian, Male  
Chief Executive Officer / Executive Director

Datuk Chung was appointed to the Board on 2 September 2005. He started his involvement in IT in the early 80's with Computer Information Systems Sdn Bhd, a bureau services company providing data processing services for insurance companies. He then left to join System Maju Sdn Bhd, a Wang Computers distributor, a company specializing in IT hardware and software. In 1985, he co-founded Power Computer Supplies Sdn Bhd, a company principally involved in software development for general insurance companies. He subsequently sold his shares in this venture in 1996. From 1996 to 2001, he was involved in providing general consultancy services. In 2002, he was appointed as Managing Director of Rexit Solutions Sdn Bhd ("Rexit Solutions") and subsequently in 2003, he acquired Rexit Solutions through Rexit Venture Sdn Bhd ("Rexit Venture"). With great vision and leadership, he is recognised in the general insurance industry and is also a key factor in steering the steady growth of Rexit Group to become a respected software company in the IT industry.

Datuk Chung is the Chairman of the Options Committee. He attended all four (4) Board meetings held in the financial year ended 30 June 2023. On 22 May 2023, he ceased to be a Member of the Remuneration Committee.

**SI THO YOKE MENG** 62 years of age, Malaysian, Male  
Chief Operating Officer / Executive Director

Mr. Si Tho was appointed to the Board on 2 September 2005. He started his career in the early 80's with Komputer Usaha Sdn Bhd, where he contributed vastly to development and project management. In 1987, he joined Power Computer Supplies Sdn Bhd, a company principally involved in software development for general insurance companies, where he was involved in managing, planning, directing and monitoring IT development activities. From 1996 to 2001, he was involved in providing general consultancy services. In 2001, he joined e-Resource.com Sdn Bhd, a company involved in conducting research and development in RFID applications. The company successfully developed the electronic locate, identify and track engine (e-LIT engine), an RFID-based application that was tested in collaboration with University Sains Malaysia with commendable results. In 2002, he was appointed as the Executive Director of Rexit Solutions and subsequently acquired Rexit Solutions through Rexit Venture in 2003. His vision and leadership are essential in establishing and managing the Rexit Group.

Mr. Si Tho is a Member of the Options Committee. He attended all four (4) Board meetings held in the financial year ended 30 June 2023.

**CHAN CHEE YUAN** 56 years of age, Malaysian, Male  
Independent Non-Executive Director

Mr. Chan was appointed to the Board on 26 August 2015. He holds a Bachelor of Science (Hons) degree in Economics and Accountancy from The City University, London, England. He started his career as an investment analyst in 1990 with Schroder Investment Management in Singapore. In 1992, he joined Schroder Investment Management in London, and in 1994, returned to join Seacorp Schroder Capital Management in Kuala Lumpur as an analyst and fund manager. In 2000, he joined BCT Asia Advisory Sdn Bhd, an investment advisory company licensed by the Securities Commission Malaysia. He is currently an Associate Director and a Capital Markets Services Representative's License holder of the company. He is also a director of a private company involved in the provision of investor relations services.

Mr. Chan is the Chairman of the Audit and Risk Management Committee and also a Member of the Nominating Committee and Remuneration Committee. He attended all four (4) Board meetings held in the financial year ended 30 June 2023.

**AMARJEET KAUR A/P RANJIT SINGH** 65 years of age, Malaysian, Female  
Independent Non-Executive Director

Ms. Amarjeet Kaur was appointed to the Board on 1 February 2022. She holds a Bachelor of Accounting degree from the University of Malaya and she is a Member of the Malaysian Institute of Certified Public Accountants. She has more than 30 years of experience in the financial markets. She started her career at Bank Negara Malaysia in 1982. In 1994, she joined AmInvestment Bank Berhad, and was promoted to Director of Corporate Services Department. In 2008, she joined EON Bank Berhad (now part of Hong Leong Bank Berhad) where she served as Group Chief Financial Officer and was responsible for managing the Groups Finance, Treasury and Procurement and Administration Departments till August 2011. She was appointed as Executive Vice-President of Alliance Bank Malaysia Berhad from September 2011 to March 2016. From March 2016 to March 2020, she was an Executive Vice President of Merchantrade Asia Sdn. Bhd. Currently, she is a Consultant and Director of Limon Sdn. Bhd. and True Money Malaysia Sdn. Bhd.

Ms. Amarjeet Kaur is a Member of the Audit and Risk Management Committee, Remuneration Committee and Nominating Committee. She attended all four (4) Board meetings held in the financial year ended 30 June 2023.

### Notes

None of the Directors have any family relationship with any director and/or major shareholder of the Company.

None of the Directors have any conflict of interest with the Company or its subsidiaries.

None of the Directors have been convicted for offences within the past 5 years other than traffic offences.

None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**CHAN SHIH FEI** 61 years of age, Malaysian, Female  
Chief Financial Officer

Ms. Chan joined Rexit Group on 15 September 2004. Prior to joining Rexit Group, she was the Group Financial Controller of Proven Resources Sdn Bhd, Group Financial Controller of RSH (Malaysia) Sdn Bhd and an external auditor with Deloitte and KPMG. She is a member of the Malaysian Institute of Certified Public Accountants. She obtained her Bachelor of Arts degree in Economics from the University of Malaya. Ms. Chan does not hold any directorship in public companies and listed corporations.

She does not have any family relationship with any director and/or major shareholder of the Company. She does not have any conflict of interest with the Company or its subsidiaries. She has not been convicted for offences within the past 5 years other than traffic offences and does not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**TONG TIN HENG** 54 years of age, Malaysian, Male  
Chief Application Officer

Mr. Tong joined Rexit Group on 2 February 1999. He holds a Certificate of Achievement in Strategic Information Systems and Accounting from the Heriot-Watt University, United Kingdom. He started his career with Power Computer Supplies Sdn Bhd as a programmer in 1989, during which he was instrumental in defining and re-developing additional insurance core modules. He subsequently joined Allianz General Insurance Company (Malaysia) Berhad (“AGI”) as an Assistant Manager in 1996. He was appointed to head a team of in-house developers to further enhance and develop existing software while at AGI.

He is the technical head with the Rexit Group and has more than 28 years of working experience in the IT industry. With his wide and intimate knowledge, he has contributed significantly to Rexit Group’s growth. Mr. Tong does not hold any directorship in public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company or its subsidiaries. He has not been convicted for offences within the past 5 years other than traffic offences and does not have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ON BEHALF OF THE BOARD OF DIRECTORS, IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE GROUP AND COMPANY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (“FY2023”).

*Dear Shareholders of Rexit Berhad (“Rexit”),*

It gives me great pleasure to report to our shareholders that Rexit recorded another profitable year. These would be the 18 uninterrupted years of annual profit and payment of dividends to our shareholders since our listing on the ACE Market of Bursa Malaysia Securities Berhad in November 2005 (FY2006).



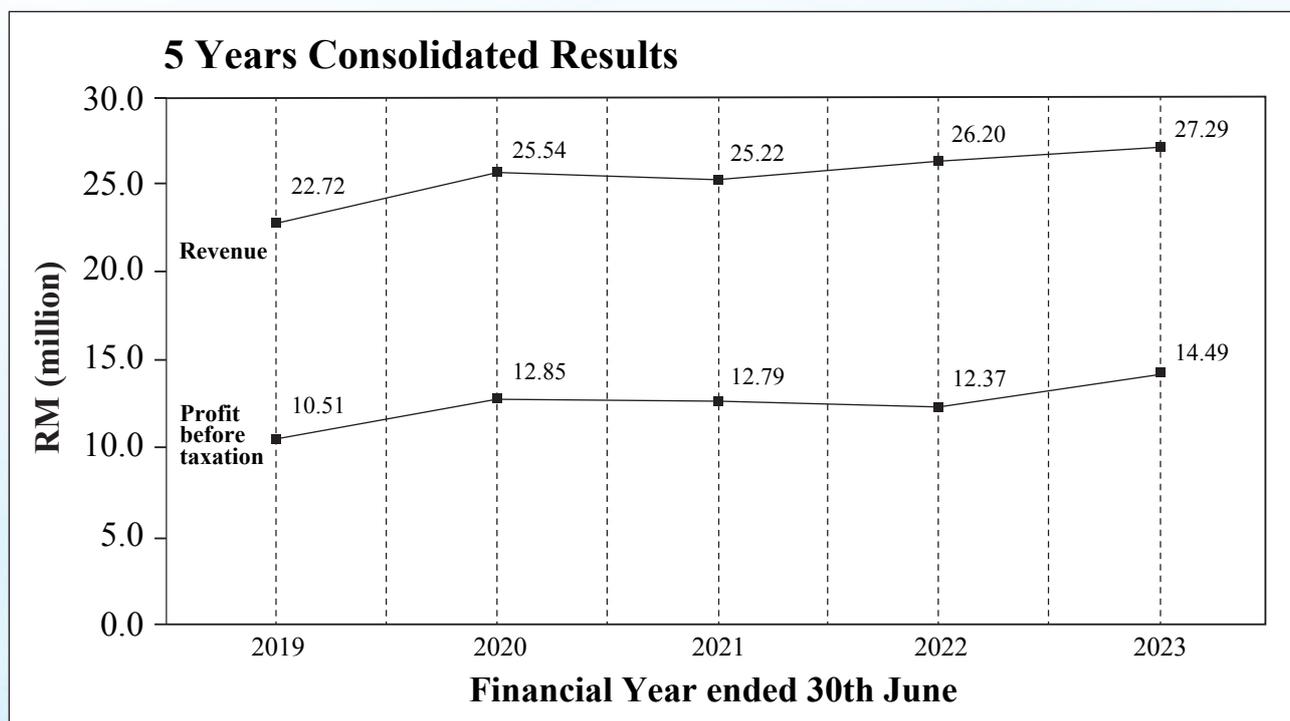
Datuk Ng Kam Chiu  
Chairman

Looking at the FY2023 Profit after tax, we are in good position to continue to reward our shareholders again. The performance in this financial year is good given that it was achieved in a challenging operating environment marked by prolonged high interest rates, volatile currency exchange, a weak ringgit against the American dollar emanating from the combined spill overs from the geopolitical tensions triggered by the conflict between Ukraine and Russia and concerns surrounding the economic slowdown in China.

For FY2023, Rexit recorded revenue at RM27.29 million, a 4.17% increase when compared to RM26.20 million in the last financial year. This growth is attributed mainly to the increase in software customisation services, and the on-boarding of a new client in the last quarter of FY2023 initially contributing to e-Cover motor services. Profit before tax (“PBT”) rose by 17.14% from 12.37 million in FY2022 to 14.49 million in FY2023. Profit after tax (“PAT”) increased to RM11.01 million, an increase of 20.99%, when compared to previous years PAT of RM9.10 million.

The increase in revenue arising from the accelerated demand for software customisation services is very much in line with our clients’ digital transformation initiatives, which includes business processes and products, in the light of the increasing business activities and community’s confidence in the reopening of our local economy. This would certainly provide technology companies like Rexit with ample opportunities to hone its core expertise and leadership role in the provision of software services to the insurance sector.

The Revenue and PBT Results Chart for the last 5 years FY2019 to FY2023 is presented below:



We will continuously address the concerns of our clients on service availability 24x7 and their needs to comply with regulatory requirements with regards to service availability and redundancy as a partner in ensuring excellent compliance and service delivery. With earned trust, we are glad to welcome a new account from the insurance sector which will contribute positively to the bottom line.

The global pandemic has enforced reassessments and adjustments to the way of conducting business and our concepts and attitudes towards contributions and welfare of employees. There is greater emphasis on e-commerce and accelerated digitalization of products and services and their delivery and support. Workplace cultures and objectives of employees have changed forever including the way of working and values. Thus business on both sides of the divide- customers and vendors will have to adapt to new ways of doing things. Digital transformation is touted as a significant enabler and differentiator.

As a technology company Rexit continues to enhance our products and services to support the goals of our clients. As a responsible and caring employer Rexit continues to take proactive measures to meet the expectations of all our technical staff whilst ensuring a better work environment with appropriate benefits.

Thank you to all shareholders for your kind support and confidence in us. Thank you to our business partners and clients for your support and confidence and trust in our capabilities to deliver quality services. To all the directors, management and staff of Rexit, thank you for your dedicated and excellent services. Stay safe, stay healthy for the nation and Rexit.

Datuk Ng Kam Chiu  
Chairman

## Review of Business and Operations

Rexit Group (“Rexit”) is involved principally in providing software solutions to the Insurance and Financial Services Industries. Rexit’s proprietary e-Cover is used by Insurers in Malaysia, Hong Kong SAR, and Singapore. The Group’s expertise goes beyond insurance applications as evident from our e-PPA application which has been successfully implemented for the Federation of Investment Malaysia and the InfoGuardian document and workflow management solution which is used by two banks in Malaysia together with their panel of legal firms and property valuation firms.

Rexit will continue to strengthen its core competencies in further developments of its products and services as follows:-

### (a) e-Cover for the Insurance Industry

Rexit has been increasing its efforts to introduce its e-Cover applications to existing and new clients. The current challenging economic situation that brings businesses to look at new ways to further improve their operational efficiency has created opportunities for Rexit to engage our clients for the implementation of additional products and services.

The successful adoption of the e-Cover system in Hong Kong SAR and Singapore provided the Group with the opportunity to localize the e-Cover system to meet the respective local industry requirements.

Rexit has successfully implemented the Motor De-tariff Module and its proprietary Rating Engine to some of our clients in Malaysia to cater to the progressive liberalization of the motor tariff.

Rexit has developed, manages and operates the mySalam portal for eligible members. The mySalam national health protection scheme aims to provide eligible members with free Takaful health protection.

The e-Cover portal is also continually being refreshed to give it a more contemporary look and feel as well as to improve the user interface. The e-Cover portal can now support various types of devices, including tablets and smartphones using Apple iOS, Google Android and Microsoft Windows Phone.

### (b) InfoGuardian and e-PPA for the Financial Services Industries

Rexit has other software solutions for the financial services industry such as the electronic submission of unit trust investment and redemption (e-PPA) and an online legal case documentation and workflow management processing system (InfoGuardian).

The e-PPA’s usage by FIMM and non-FIMM member companies continues to contribute to Rexit’s revenue.

The usage of InfoGuardian by two banks and its panel of legal firms and property valuation firms also continues to contribute to Rexit’s revenue. Rexit will continue its marketing efforts to sell the InfoGuardian to other banks in Malaysia.

**Review of Financial Results and Financial Conditions**

**Revenue**

Rexit recorded a total revenue of RM27.29 million for FY2023, an increase of 4.17% as compared to RM26.20 recorded for FY2022.

The Group’s revenue comprised income earned from its software-based activities and investments as follows:

Revenue	FY2023 (RM)	FY2022 (RM)	Increase/(Decrease)%
Income from software-based activities	26,743,459	24,878,027	7.50%
Income from investments	551,809	1,325,215	(58.36%)
Total Revenue	27,295,268	26,203,242	4.17%

Income from software-based activities has increased mainly due to higher software customisation services arising from clients’ digital initiatives in business processes and products, and the on-boarding of a new client in the last quarter of FY2023 initially contributing to e-Cover motor services. Income from investments decreased mainly due to a decrease in distribution income from long-term investments in quoted funds which have matured in FY2022.

**Cost of Sales and Gross Profit Margin**

Cost of sales comprised mainly salaries and related costs of the software development staff, communication lines and rental of production and disaster recovery centers. Rexit recorded a Gross Profit margin of 73.14% in software-based revenue for FY2023 compared to 71.61% in FY2022. The higher gross profit margin was due to increase in revenue from software customisation services.

**Administrative Expenses**

Administrative expenses for FY2023 decreased by 14.14% mainly attributable to unrealised loss on net fair value loss in money market funds in FY2022, and the shift of money market funds to long term investments in bond funds in FY2023 indicating that any unrealised net fair value gain or loss in future will have lesser impact on the bottom line.

**Profit Before Tax and Profit After Tax**

The Group’s Profit before tax (PBT) was RM14.49 million for FY2023, an increase of RM2.12 million or 17.14% over RM12.37 million in FY2022 mainly attributable to the increase in revenue. The Group posted a Profit after tax (PAT) of RM11.01 million for FY2023, an increase of RM1.91 million or 20.99% over RM9.10 million in FY2022 in line with increase in PBT and revenue. Margins are expected to stabilize because of the normalizing administrative expenses and effective tax rate without capital allowance claimed on the acquisition of data centre assets in FY2022.

**Liquidity and Financial Resources**

The Group’s Shareholders’ Equity stood at RM49.58 million in FY2023 compared to RM44.64 million in FY2022 due to higher retained profits.

The Group’s financial position strengthened with cash and cash equivalents increasing to RM27.48 million in FY2023 from RM26.94 million in FY2022. The net cash position will support capital expenditure required for any future expansion.

**Dividends**

The Board of Directors had declared the payment of a single tier interim dividend of 4 sen per ordinary share amounting to RM6.93 million which was paid on 23 December 2022 in respect of FY2023. Based on the Group’s net profit of RM11.01 million in FY2023, the dividend payout ratio is 62.94%.

## Capital Expenditure Requirements, Capital Structure and Resources

The Group incurred capital expenditure of RM0.49 million in FY2023 to acquire servers and other computer equipment to upgrade its disaster recovery and production equipment. In FY2022, Rexit incurred capital expenditure of RM0.64 million to acquire servers and other computer equipment to upgrade its disaster recovery equipment. The said capital expenditure incurred was paid from our internally generated funds. We do not expect to incur any significant capital expenditure in the future, following the migration to the Tier 3 certified data centre at TM One in FY2021 and the acquisition of servers and other computer equipment in FY2022.

## Anticipated or Known Risks

### 1. Security Risks and System Disruptions

The Group is operating in a high technology environment, where its operations are vulnerable to security risks and system disruptions such as computer viruses, hacking, fraud, blackouts caused by interrupted electricity supply, system outages, and disruption to Internet services. Such factors could materially affect the Group's ability to deliver its products and services, and ultimately reduce revenues and products. Rexit mitigates the security risks and system disruptions by setting up antivirus, firewalls and providing disaster recovery for its data and source codes through back-up media and offsite disaster recovery center, upgrading its antivirus protection and reinforcing its firewall on a frequent basis. The Group has not experienced any major system disruptions in the past years and will continue to assess the effectiveness of its preventive measures.

### 2. Technology Developments Risks

The information technology (IT) industry is dynamic and characterised by rapid changes in technological developments. Hence, the Group has to keep abreast with the latest technologies to retain and grow its market share. The Group constantly conducts research and development activities to keep its products and services relevant to its clients. As a solution and service provider to the Insurance and financial services which is highly regulated, Rexit is also in a niche market whereby its products are not overly exposed to the risk of obsolescence.

### 3. mySalam Outsourcing Services Agreement

The mySalam Outsourcing Services Agreement is expiring on 31st December 2023. The client has written to propose to extend the Agreement for an additional year, from 1st January 2024 to 31st December 2024. The Parties are finalising the terms of the extension.

## Forward Looking Statements

Moving forward, Rexit will continue to remain focused on growing and enhancing its business offerings in the markets we operate in. Our business model leveraging on our core competencies will ensure a stream of recurring revenue.

The Group will continue its research and development efforts to expand and extend the e-Cover services to the financial services sector and other segments of e-commerce by leveraging on the large 24x7 secured e-Cover infrastructure.

Although the Group does not have a fixed dividend policy, Rexit has been paying dividends since FY2006. FY2023 is no exception and a 4 sen per ordinary share was paid.

We expect the outlook of the Group for FY2024 to be challenging caused by the global geo-political risks as well as uncertainties over global growth.

Rexit Berhad, has been posting a steady stream of profit yearly since our commencement of business and incorporation as a public listed company in November 2005. In 2022, we received The Edge Centurion Club 2022 award for Highest Return on Equity over Three Years in the Technology sector for listed companies. These are all testaments that we are able to remain efficient, competitive and successful and are able to grow sustainably and responsibly.

## Social

Rexit has in place policies and programs to provide a safe and healthy environment for our employees who are our key assets in our success and growth.

- To ensure the workplace is secure, entry into the office is protected by an electronic key card system whereby external parties are not able to enter the building without permission and each employee is provided with an access card for entry,
- Fire drill is organised yearly so that each employee is aware of the evacuation procedure in the event of a fire at the workplace,
- The company has engaged the services of a pest control company to fumigate the office six times a year to eliminate the existence of vermins that may pose a danger to the health of employees,
- To provide employees protection against sexual harassment at workplace, all employees are informed on what actions are deemed as sexual harassment. Employees who feel that they are being harassed, have an avenue to report the matter to the Human Resources department.

Among the efforts made for the retention of staff, Rexit provides a competitive remuneration package including medical, dental and optical benefits to all employees and offers the same opportunities for staff from the same category with no gender discrimination.

- Rexit sponsors fees and related costs for sporting activities i.e. badminton on a weekly basis to promote communications and foster closer working relationships amongst the staff,
- Dinners are organized during festive seasons to celebrate the occasion and foster camaraderie among employees and with management,
- A Basic Occupational First Aid, CPR & AED training was organized to train employees to be qualified first aiders who will benefit with the useful knowledge to provide first aid in the office or anywhere else like homes or public places,
- To provide clean water and sanitation, new water filters are installed and the capacity of storage water tanks increased to provide continuous flow of water for sanitation purposes.



Occupational First Aid, CPR & AED Training



Buka Puasa among staff and family

## **Economic**

Rexit principally provides software applications to the General Insurance industry and it has also developed solutions for the Financial Services industry as evident by the suite of products and services offered to the Unit Trust companies and banks.

Our web-based applications provide an on-line system for our clients and their intermediaries which has made service delivery accessible anytime and anywhere as long as there is Internet access. We believe this model is in keeping up with the times, in the way business is done nowadays will be sustainable into the future.

Rexit recognises the importance of ensuring sustainability in its business and has invested in acquiring new equipment to upgrade our assets and has migrated to a Tier3 data centre at TM One, Brickfields in April 2021. This upgrade provides the needed quality assurance to our clients of excellent service with 99.50% uptime which further strengthens Rexit's competitive edge in the provision of secure, dependable, trustworthy, reliable service and more importantly 24x7 service availability to our clients.

To ensure minimal disruption to the services provided to our customers, Rexit carries out Business Continuity & Disaster Recovery Tests twice a year, whereby we port over the operations from our main production servers to the Disaster Recovery (DR) servers to ensure that there is no interruption in the operations when the DR servers take over from the main production servers. Rexit has also upgraded some assets at its Disaster Recover Centre (DRC) in a separate location in Cyberjaya which ensures the continuity of the operations to our clients in the event of any significant disruptive events at our production data centre at TM One, Brickfields.

To protect against disruptions that may cause downtime leading to expensive recovery, we have installed company wide anti-virus software and firewalls, subscribed to SSL licenses and perform penetration test yearly carried out by qualified external cyber security firms to check our systems for any weaknesses.

To further ensure business continuity in the event the main office is inaccessible due to force majeure or any unforeseen circumstances, we have an agreement with a company whereby we could move our essential operations to their centre at any time giving short notice. To ascertain its operability and reliability, we assigned certain key personnel with the necessary equipment to test our ability to support our operations and clients from the off-site centre which tests went smoothly.

Rexit's proprietary source codes for each application are backed up at each stage of the development, and are then saved and stored offsite to ensure availability and business continuity. These proprietary source codes backed-up as such are deposited with an Escrow Agent on a monthly basis providing assurances to our clients that they will have access to the source code for the continuity of their business in the event Rexit should cease its business operations.

## **Environmental**

Rexit will continuously review our carbon footprint in all aspects of our operations. To reduce the degradation to our environment, investments in acquiring newer equipment (e.g. servers, communication equipment, computers, etc.) are made to replace older ones to improve efficiency. Rexit has upgraded our assets and migrated our production data centre to a Tier 3 data centre at TM One, Brickfields in April 2021 which has a Green Building Index certification and an intelligent power meter to manage power consumption to ensure that the facility is environment friendly.

Rexit recently replaced the lighting system for the whole building to completely new LED lightings, which should conserve energy in the long run. Rexit encourages our employees to utilise tele-conferencing, emails, instant messaging for communication purposes and store soft copies of documents instead of printed documents thus reducing the carbon footprint.

Further, efforts are being made to recycle office waste like shredded paper, plastic bottles, cartridges and cans and these are collected by the recycle companies from time to time.

The Board of Directors (“the Board”) of Rexit Berhad (“the Company”) is committed in ensuring good corporate governance is practiced throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

The Board is pleased to disclose below the Group’s application of the Principles and Best Practices of the Malaysian Code on Corporate Governance (“Code”) throughout the financial year ended 30 June 2023.

## **PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS**

### **Functions reserved for the Board and those delegated to Management**

The Board’s main responsibility is to lead and manage the Group in an effective manner including developing strategic directions and objectives in line with its vision and missions, implement plans and supervise the conduct of the Group’s business as a whole. The Board’s role is to provide leadership of the Group within a framework of prudent and effective controls whilst ensuring risks are consistently assessed and controlled.

The Executive Directors have executive responsibilities for the day-to-day operations of the Group’s business and shall implement policies, strategies and decisions and shall be accountable for the conduct and performance of their businesses within the agreed business strategies.

None of the Directors of the Company hold more than five (5) directorships of listed companies as provided under Rule 15.06 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

### **Clear Roles and Responsibilities**

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- Review and approve strategic plans and significant policies;
- Overseeing the conduct of the Company’s business and financial performance and major capital commitments of the Company and the Group;
- Review and approve any major corporate proposals, new business ventures or joint ventures of the Group;
- Identifying principal risks and ensuring the implementation of appropriate systems of internal control to manage these risks;
- Reviewing the adequacy and integrity of internal control systems and management information systems in the Company and within the Group;
- Overseeing development and implementation of a shareholder communications policy for the Company; and
- Overseeing an appropriate succession plan for members of the Board and senior management.

The Board has also formed different Board committees, comprising mainly the non-executive and independent directors, to support and provide independent oversight of management and to ensure that there are appropriate checks and balances in place. Currently, the various Board Committees of the Board are the Audit and Risk Management Committee (“ARMC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). Each of the Board Committee operates within its respective terms of reference (“TOR”) that also clearly define its respective functions and authorities. Notwithstanding the above, the ultimate responsibility for decision making still lies with the Board.

### **Separation of Positions of the Chairman and Chief Executive Officer**

The roles of the Chairman and Chief Executive Officer (“CEO”) are distinct and separate with individual responsibilities. Each of them has clearly defined duties and authority thus ensuring balance of power and greater capacity for independent decision-making. The separation of powers ensures a balance of power and authority and provides a safeguard against the exercise of unfettered power in decision-making.

The Chairman’s primary role is to preside over the Board Meetings and ensure the smooth functioning of the Board in the interest of good corporate governance whilst the CEO is responsible for the Group’s operations and implementation of Board policies and making operational decisions.

## **Roles of the Company Secretary**

The Company Secretaries play an advisory role to the Board in relation to the Company's compliances to relevant regulatory requirements, guidelines and legislation and are capable of carrying out their duties efficiently to ensure the effective functioning of the Board. The Company Secretaries are suitably qualified and have attended relevant training and seminars to keep abreast with the statutory and regulatory requirements' updates. The Company Secretaries provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices. They circulate relevant guidelines and update on statutory and regulatory requirements from time to time for the Directors' reference. They also ensure that all Board and Board Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly minuted and documented.

## **Access to Information and Advice**

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, in discharging their duties, the Directors have full and timely access to all information concerning the Company and the Group. Prior to each Board meeting, the agenda together with relevant reports and Board papers would be circulated to all Directors in sufficient time to enable effective discussions and decision making during Board meetings.

All Board members have access to the advice and services of the Company Secretaries and senior management. The Board, whether as a full board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice in discharge of their duties and responsibilities at the Company's expense.

## **Board Charter**

The Board Charter sets out the composition and balance, roles and responsibilities and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter shall be reviewed by the Board as and when required to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities. The Board Charter is published on the Company's website.

## **Ethical Standards through Code of Business Ethics**

The Board acknowledges the importance of establishing a healthy corporate culture and has formalised in writing a Code of Conduct and Ethics for the Board and employees, which sets out the standards of good behaviour by underscoring the core ethical values that are vital for their business decisions.

## **Whistle Blowing Policy**

The Group has set up a Whistle Blowing Policy which enables the employees and stakeholders to report and disclose any wrongdoing or improper conduct relating to unlawful conduct, inappropriate behaviour, malpractices, any violation of established written policies and procedures within the Group or any action that is or could be harmful to the reputation of the Group and/or compromise the interests of the shareholders, clients and the public, to the Company.

The Whistle Blowing Policy is published on the Company's website at [www.rexit.com](http://www.rexit.com).

## **Anti-Bribery and Anti-Corruption Policy**

The Group has established and implemented policies and procedures to prevent corruption practices. The corruption risk is included in the annual risk assessment of the Group.

The Anti-Bribery and Anti-Corruption Policy is published on the Company's website at [www.rexit.com](http://www.rexit.com).

## **Fit and Proper Policy**

The Group has adopted a Fit and Proper Policy to guide the Nomination Committee and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking re-election/election.

The Fit and Proper Policy is published on the Company's website at [www.rexit.com](http://www.rexit.com).

## **Sustainability Risks and Opportunities**

The Company is committed towards instituting a robust, wide-ranging and relevant sustainability framework to cover all aspects of operations.

The Company's sustainability strategies, priorities and targets as well as performance against these targets were communicated to its relevant stakeholders.

The Board had undertaken the relevant training to stay abreast with and understand the sustainability issues relevant to the Company and its businesses, including climate-related risks and opportunities.

## **Composition of the Board**

The Board currently has seven (7) members comprising two (2) Executive Directors, two (2) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The current composition of the Board is in compliance with Bursa Securities, which states that at least 2 directors or 1/3 of the board of directors, whichever is higher, must be independent directors.

Although less than half of the Board comprises Independent Directors, there are five (5) Non-Executive Directors who by virtue of their non-executive positions, are not involved in the day-to-day management of the Group. The Board is of the view that the current composition provides sufficient checks and balances within the Board.

The Board does not consider it necessary to nominate a recognized senior independent non-executive director to whom any concerns may be conveyed in view of the present independent element of the Board composition and the segregation of the roles of the Chairman and CEO.

## **Tenure of Independent Directors**

As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of twelve (12) years. The Board believes that this tenure provides a balance of effectiveness and independence that is appropriate for the Group.

The Independent Non-Executive Director may continue to serve on the Board beyond the twelve (12) years tenure provided the Independent Non-Executive Director is re-designated as a Non-Independent Director.

As at the date of this statement, the term of service of the Independent Directors is less than twelve (12) years.

## **New Appointment of Directors**

The NC considers candidates proposed by the Directors, Senior Management, Major Shareholders or independent sources. In making its recommendations, the NC shall assess and consider the candidates' skills, knowledge, expertise, experience, professionalism, time commitment to effectively discharge his/her role as a director, contribution and performance, character, integrity and competence.

In the case of candidates for the position of Independent Non-Executive Director, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Director. New Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to effectively contribute to the Board. The NC will ensure that orientation programme is in place for future new recruits to the Board.

### Gender Diversity Policy

The Board does not have a specific policy on gender diversity for candidates to be appointed to the Board. The Company does not practice any form of gender biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

At present, there is one (1) female Director appointed to the Board.

### Nominating Committee

The NC is delegated the responsibility to ensure a formal and transparent procedure for the appointment of new directors to the Board. The NC will review and assess the proposed appointment of new directors, and thereupon make the appropriate recommendations to the Board for approval.

In addition, the NC is also responsible for reviewing candidates for appointment to the Board Committees and making appropriate recommendations to the Board for approval. It is also tasked with assessing the competencies and effectiveness of the Board, the Board Committees and the performance of individual directors in ensuring that the required mix of skills and experience are present on the Board.

The NC is appointed by the Board and currently comprising two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The NC comprises the following members:-

Members	Designation
Datuk Ng Kam Chiu	Chairman – Non-Independent Non-Executive Director
Chan Chee Yuan	Member – Independent Non-Executive Director
Amarjeet Kaur A/P Ranjit Singh (appointed on 22 May 2023)	Member – Independent Non-Executive Director
Dato' Abdul Murad Bin Khalid (resigned on 22 May 2023)	Member – Non-Independent Non-Executive Director

Among others, the duties and responsibilities of NC are as follows:-

- (i) Assessing and recommending candidates to the Board with the necessary skills, knowledge, experience and competency for new appointments;
- (ii) Assessing the effectiveness of the Board, Board Committees and the contribution of each director, taking into consideration the required mix of skills, knowledge and expertise, experience and other requisite qualities including core competencies contributed by Non-Executive Directors;
- (iii) Reviewing and recommending retiring directors for re-election or re-appointment;
- (iv) Assessing the independence and recommending the retention of Independent Non-Executive Directors; and
- (v) Ensuring adequate training and orientation are provided for new members of the Board.

### Annual Assessment

During the financial year, the NC reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including core competencies of the Directors, the contribution of each individual Director as well as their character, integrity and time commitment, independence of the Independent Directors, effectiveness of the Board as a whole, and the Board Committees; and also the retirement of Directors eligible for re-election. Self-evaluations had been conducted by each Director and a summary of the self- evaluation was furnished to the NC.

The Company's Constitution provides that at each Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being shall retire from office and an election of Directors shall take place provided always that each Director shall retire at least once in every three years but shall be eligible for re-election. Any Directors appointed during the year shall hold office only until the next AGM and then be eligible for re-election.

The following Directors shall retire by rotation at the forthcoming 19th AGM of the Company. Being eligible, they have offered themselves for re-election:-

- (a) Datuk Chung Hon Cheong
- (b) Mr. Kuah Hun Liang

The Directors mentioned above, who are due for re-election, have completed the Directors' Declaration of Fit and Proper. The NC has assessed their performances and has made recommendation to the Board for their re-election to be tabled for shareholders' approval at the forthcoming 19th AGM.

A brief description on the profile of each Director and their respective attendance in Board Meetings are presented in the Annual Report.

### Time Commitment and Directorship in other companies

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. The Board is satisfied with the level of time commitment of the Directors from their attendance at the Meetings. The record of the Directors' attendance at Board Meeting and various Committees' Meeting for the financial year ended 30 June 2023 is as follows:-

Director	Board Meeting	ARMC Meeting	NC Meeting	RC Meeting
Datuk Ng Kam Chiu	4/4	4/4	2/2	1/1
Datuk Chung Hon Cheong	4/4	-	-	1/1
Si Tho Yoke Meng	4/4	-	-	-
Dato' Abdul Murad Bin Khalid	4/4	4/4	2/2	1/1
Kuah Hun Liang	4/4	-	-	-
Chan Chee Yuan	4/4	4/4	2/2	-
Amarjeet Kaur A/P Ranjit Singh	4/4	-	-	-

### Directors' Training

The Directors will continue to participate in relevant training programmes to keep abreast with the latest developments in areas relating to information technologies, financial reporting requirements, corporate governance practices and regulatory changes so that they would be able to discharge their duties as directors effectively.

During the financial year ended 30 June 2023, the Directors attended individually or collectively various training programmes, conferences, seminars and courses organised by the Group, the relevant regulatory authorities and professional bodies as follows:-

Name	Programme Attended
Datuk Ng Kam Chiu	AMT/ CFT Typologies and Risk Technical Knowledge.
Datuk Chung Hon Cheong	AMT/ CFT Typologies and Risk Technical Knowledge.
Si Tho Yoke Meng	AMT/ CFT Typologies and Risk Technical Knowledge.
Dato' Abdul Murad Bin Khalid	AMT/ CFT Typologies and Risk Technical Knowledge.
Kuah Hun Liang	1. Sustainability & its impact on organisation by Asia Business School; 2. Conversation with Audit Committee by Securities Commission.
Chan Chee Yuan	1. AMT/ CFT Typologies and Risk Technical Knowledge; 2. Commodities: An Investment Portfolio Perspective; 3. Applied Technical Analysis for Investment; 4. Corporate Liability on Corruption-Anti-Bribery & Corruption Framework; 5. Adopt, Evolve, Transform Towards An Effective Compliance on Anti Money Laundering.
Amarjeet Kaur A/P Ranjit Singh	1. Artificial Intelligence (AI) for Company Directors and Executives; 2. MT/ CFT Typologies and Risk Technical Knowledge.

The Company Secretaries regularly updates the Board on changes to ACE Market Listing Requirements of Bursa Securities and other relevant guidelines/legislation at Board meetings. The External Auditors also briefed the Board members on changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

### Remuneration policy

The Company has established a formal Remuneration Policy and Procedures for Directors and Senior Management and it is available on the Company's website.

### Directors' Remuneration

The RC is delegated the responsibility to review and recommend to the Board the remuneration packages and terms of employment of the Executive Directors that are fairly guided by market norms and industry practices relevant to the Company's business. The policy practiced on Directors' remuneration by the RC is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

The RC comprises the following members:-

Members	Designation
Datuk Ng Kam Chiu	Chairman – Non-Independent Non-Executive Director
Chan Chee Yuan (appointed on 22 May 2023)	Member – Independent Non-Executive Director
Amarjeet Kaur A/P Ranjit Singh (appointed on 22 May 2023)	Member – Independent Non-Executive Director
Dato' Abdul Murad Bin Khalid (resigned on 22 May 2023)	Member – Non-Independent Non-Executive Director
Datuk Chung Hon Cheong (resigned on 22 May 2023)	Member – Executive Director

The remuneration package of each Executive Director is structured to reflect his experience, performance and scope of responsibilities. The remuneration of Non-Executive Directors is in the form of annual fees and reflects the experience and the level of responsibilities undertaken by the Non-Executive Directors concerned. Executive Directors shall abstain from the deliberation and voting on decisions in respect of their own remuneration package. In the event where the Chairman's remuneration is to be decided, he shall abstain from discussion and voting. The remuneration and entitlements of Non-Executive Directors should be a matter for the Board as a whole. The individuals concerned should abstain from discussions pertaining to their own remuneration. The activities of the RC are developed from year to year by the Committee in consultation with the Board.

The Remuneration Committee convened one (1) meeting during the financial year to review and recommend to the Board, the remuneration package for Executive Directors.

The aggregate remuneration of the Directors of the Group for the financial year ended 30 June 2023 is as follows:-

#### Company

Executive Directors	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits <sup>1</sup> (RM)	Total (RM)
Datuk Chung Hon Cheong	0	0	0	800	800
Si Tho Yoke Meng	0	0	0	800	800

Non-Executive Directors	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits <sup>1</sup> (RM)	Total (RM)
Datuk Ng Kam Chiu	0	0	48,000	800	48,800
Dato' Abdul Murad Bin Khalid	0	0	24,000	800	24,800
Kuah Hun Liang	0	0	24,000	800	24,800
Chan Chee Yuan	0	0	24,000	800	24,800
Amarjeet Kaur A/P Ranjit Singh	0	0	24,000	800	24,800

**Group**

Executive Directors	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits <sup>1</sup> (RM)	Total (RM)
Datuk Chung Hon Cheong	821,080	195,385	0	46,066	1,062,531
Si Tho Yoke Meng	566,248	136,484	0	38,014	740,746

Non-Executive Directors	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits <sup>1</sup> (RM)	Total (RM)
Datuk Ng Kam Chiu	0	0	48,000	800	48,800
Dato' Abdul Murad Bin Khalid	0	0	24,000	800	24,800
Kuah Hun Liang	0	0	24,000	800	24,800
Chan Chee Yuan	0	0	24,000	800	24,800
Amarjeet Kaur A/P Ranjit Singh	0	0	24,000	800	24,800

<sup>1</sup> Other benefits include meeting allowance, clubs subscription fees, car and driver allowances and medical insurance coverage.

The Board has chosen to disclose the remuneration of the top five (5) senior management personnel in bands instead of named basis as the Board is of the opinion that disclosure of the senior management personnel names and the various remuneration component would not be in the best interest of the Group due to confidentiality and sensitivity of each remuneration package.

The number of top (5) senior management's remuneration for the financial year ended 30 June 2023 is as follows:-

Range of Remuneration	Number of Senior Management Staff
RM200,001 - RM250,000	2
RM250,001 - RM300,000	0
RM300,001 - RM350,000	2
RM350,001 – RM400,000	1

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****Audit & Risk Management Committee Composition and Chairman**

The ARMC consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Chairman of the ARMC is Mr. Chan Chee Yuan whilst the Chairman of the Board is Datuk Ng Kam Chiu. Having the position of Board Chairman and ARMC Chairman assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations.

**Policy on appointment of a former key audit partner as AC member**

The Company has incorporated a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC. The policy is codified in the AC's terms of reference.

**Assessment of Suitability, Objectivity and Independence of External Auditors**

The ARMC undertakes an annual review of the suitability, objectivity and independence of the external auditors. The External Auditors have confirmed that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors can be engaged to perform non-audit services that are not perceived to be in conflict with their role as External Auditors.

Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

**All ARMC members are financially literate**

All members of the ARMC are financially literate and are able to understand matters under the purview of the ARMC including financial reporting process. The Committee members possess the necessary qualification, knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARMC. All members of the ARMC undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

**Risk Management and Internal Control Framework**

The Board acknowledges its responsibilities of setting up and maintaining an effective system in ensuring a proper risk management environment. In achieving this, the Board has ensured that the system of internal control has taken into account the process of identifying key risks, the likelihood of occurrence and materiality. The Board believes that the internal control systems and procedures provide reasonable but not absolute assurance that assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either detected or minimised to prevent recurrence.

The Risk Management Steering Committee ("RMSC") is made up of Heads of Departments. The RMSC reports directly to the ARMC the outcome of its meetings and such reports are subsequently briefed at Board Meetings.

**Internal Audit function to report directly to the ARMC**

The internal auditors perform its functions with impartiality, proficiency and due professional care. It undertakes regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control.

The internal audit reports are presented to the ARMC for its review and deliberation. The ARMC will be briefed on the progress made in respect of each recommendation, and of each corrective measure taken as recommended by the audit findings. The internal auditors report directly to the ARMC to ensure independency.

Details of the Group's internal control systems and the state of internal controls are further elaborated under the Statement on Risk Management and Internal Control, which has been reviewed by the Company's external auditors, provided separately on pages 30 to 31 of this Annual Report.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****Communication with Stakeholders**

The Board recognises the importance of an effective communication channel between the Board and shareholders. The Company's website is updated regularly with the latest corporate developments of the Group and is accessible to shareholders, investors and the public. Shareholders may also send their queries to the Company's Executive Director, Mr. Si Tho Yoke Meng at [ymsitho@rexit.com](mailto:ymsitho@rexit.com) or the Chief Financial Officer, Ms. Chan Shih Fei, at [sfchan@rexit.com](mailto:sfchan@rexit.com).

The Company is committed to provide clear, accurate and timely disclosure of all material information pertaining to its performance and operations to its stakeholders and the general public. The Board will ensure that it adheres to and comply with the disclosure requirements of the ACE Market Listing Requirements of Bursa Securities as well as the Corporate Disclosure Guide issued by Bursa Securities.

The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. As such, the Board accords a high priority in ensuring that information is made available and disseminated as early as possible.

**Conduct of general meetings**

The Company encourages its shareholders to attend the AGM. The Annual Report and Notice of the AGM are sent to all shareholders in accordance with the provisions of the ACE Market Listing Requirements of Bursa Securities. The Notice of AGM is also published in national newspapers. The Notice would include explanatory statements for proposed resolutions to facilitate understanding and evaluation of issues involving the shareholders.

The AGM is the primary forum for the Directors to communicate with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group.

**Usage of information technology for effective dissemination of information**

The Annual Reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance. The Board ensures that shareholders are kept fully informed through information provided on the Company's website.

The Company's 19th AGM will be held at Tropicana Golf & Country Resort in Petaling Jaya. This venue is easily accessible and it is familiar to most shareholders of the Company since past AGMs were held at the same venue.

The Company will explore the leverage of technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company where circumstances permit.

This Corporate Governance Overview Statement was approved by the Board of Directors on 12 October 2023.

**Key Focus Areas and Future Priorities in Relation to Corporate Governance Practices**

In view of the enhancements in the corporate governance regulations, the Board has reviewed and updated the existing policies and procedures to ensure that they are kept contemporaneous and relevant to the Company's needs. The Board will further look into the enhancements or developments of corporate governance policies and procedures, as the case may be.

The Directors are required under the Companies Act 2016 (“the Act”) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and the results and cash flows of the Company and of the Group for that period.

Hence, the Directors have ensured that the financial statements have been prepared in accordance with applicable accounting standards in Malaysia, the requirements of the Act and other statutory requirements. In preparing the financial statements, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Act. The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board dated 12 October 2023.

1. **Utilisation of Proceeds**

There were no proceeds raised from any corporate proposals during the financial year ended 30 June 2023.

2. **Audit and Non-Audit Fees**

During the financial year ended 30 June 2023, the amount of audit fees paid to the external auditors on the Company and Group basis were RM41,000 and RM138,827 respectively.

There were no non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm by the Company and Group during the financial year ended 30 June 2023.

3. **Material Contracts**

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 30 June 2023 involving the interest of Directors and/or major shareholders.

4. **Recurrent Related Party Transactions ("RRPT")**

There were no recurrent related party transactions entered into by the Company and/or its subsidiaries during the financial year ended 30 June 2023.

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Listing Requirements of the Bursa Securities for the ACE Market, Board of Directors of Listed Companies is required to include in their annual report a statement on the state of internal control for the listed entity.

Rexit's Board of Directors is pleased to provide the following statement prepared in accordance with the Guideline on the Statement on Risk Management and Internal Control that outlines the scope and nature of the risk management and internal control measures taken during the financial year under review to manage risk and safeguard shareholders' investment and the Group's assets.

## RESPONSIBILITIES

The Board affirms its overall responsibility for the establishment and oversight of the Group's systems of internal control and compliance with applicable law, regulations, rules, directives and guidelines which cover financial, organizational, operational and compliance controls which are reviewed from time to time in order to achieve the Group's business objectives.

The Board having reviewed the adequacy and effectiveness of the risk management and internal control system in place is satisfied that it is adequate and effective. However, because of the limitations that are inherent in any systems of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against the risk of material loss, misstatement or occurrences of unforeseeable circumstances.

## RISK MANAGEMENT FRAMEWORK

The management of core risks is an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group's objectives.

To strengthen our risk management framework, we have continuously enhanced the scope of our risk management practices.

## SYSTEMS OF INTERNAL CONTROL

The following key processes have been established in reviewing the adequacy and integrity of the Group's system of internal control:

### Clear Lines of Accountability & Reporting Within the Organisation

Key responsibilities and accountability in the organizational structure is clearly defined, with clear reporting lines up to the Board and to Management. Established delegation of authority sets out the appropriate authority levels for decision-making, including matters requiring Board approval.

### Formalised & Documented Policies and Procedures

Internal policies and procedures which are set out in a series of clearly documented standard operating manuals covering a majority of areas within the Group are maintained and subject to review as and when necessary.

### Financial Performance

The preparation of periodic and annual financial statements and the state of affairs, as published to shareholders, are reviewed and approved by the Board. The full year financial statements are also audited by the external auditors.

### The Audit & Risk Management Committee

The Audit & Risk Management Committee comprises non-executive directors all of whom bring with them a wide variety of experience. The Audit & Risk Management Committee has full and unimpeded access to both the internal as well as external auditors.

The Audit & Risk Management Committee operates within its Terms of Reference and ensures that there are effective risk monitoring and compliance procedures to provide the level of assurance required by the Board.

The Audit & Risk Management Committee, on behalf of the Board, regularly reviews and holds discussions with Management on the actions taken on internal risk management and control issues identified in the reports prepared by the internal auditors, the external auditors and the Management.

## INTERNAL AUDIT

The Internal Audit function of the Group is undertaken by the Internal Audit Department (IAD) established to assist the Audit Committee and the Board in reviewing the system of risk management and internal control of the Company in line with the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market and Malaysian Code on Corporate Governance.

In supporting the Rexit Group to accomplish its objectives, the roles of the IAD are:

To provide an effective and value added internal process compliance audit function focusing on operational processes and practices;

To provide an independent, objective appraisal and consulting mechanism designed to add value to improve the Group's operations;

To provide management the required information to enhance the effectiveness of project management, improve software processes and documentation currently in place and to instill good governance practices by all staff;

To maintain records in Central Repository where process documents are stored for reference;

To facilitate, monitor and verify that the processes, procedures and guidelines are clearly documented and defined to meet the requirements of the Capability Maturity Model Integration ("CMMI").

## RISK MANAGEMENT

Risk Management of the Group is undertaken by the Risk Management Steering Committee (RMSC) comprising the heads from various departments and/or projects. They have extensive knowledge on the operations of their respective area of responsibility and they meet to identify, evaluate, decide on preventive or mitigating measures, take action, monitor and review the risk that impacts or may impact the organization.

The RMSC also prepares the Risk Management Framework Annual Plan which is presented each year to the Audit & Risk Management Committee for their review, consent and approval.

Within the Risk Management Framework Annual Plan is a Risk Assessment Register that captures the assets or operations at risk as identified by the RMSC team that highlight the hazard, likelihood & impact, severity, risk strategy, mitigating factors, risk monitoring and control for each risk which are reviewed quarterly and reported to the Audit & Risk Management Committee.

## ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group and its subsidiaries for the financial year ended 30 June 2023.

Pursuant to the above, the Board is of the view that the risk management framework and internal control system are satisfactory and no material weakness in the risk management framework and internal control system has resulted and/or give rise to any material loss, contingency and/or uncertainty during the financial year under review.

The Group continues to take necessary measures to ensure that the system of risk management and internal control is in place and functions effectively.

**MEMBERSHIP**

The Audit and Risk Management Committee (“the Committee”) comprises the following members:-

<b>Members</b>	<b>Designation</b>
Chan Chee Yuan	Chairman – Independent Non-Executive Director
Datuk Ng Kam Chiu	Member – Non-Independent Non-Executive Director
Amarjeet Kaur A/P Ranjit Singh (appointed on 22 May 2023)	Member – Independent Non-Executive Director
Dato’ Abdul Murad Bin Khalid (resigned on 22 May 2023)	Member – Non-Independent Non-Executive Director

During the financial year 2023, the Committee comprised of three (3) members, all whom are non-executive directors with a majority of them being independent directors. The Chairman of the Committee is an Independent Non-Executive Director. The current composition complies with the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad.

The details of the terms of reference of the Committee are available for reference at [www.rexit.com](http://www.rexit.com).

**MEETING ATTENDANCE**

During the financial year ended 30 June 2023, a total of four (4) meetings were held and the details of attendance are set out below:-

<b>Members</b>	<b>Attendance</b>
Chan Chee Yuan	4/4
Datuk Ng Kam Chiu	4/4
Dato’ Abdul Murad Bin Khalid (resigned on 22 May 2023)	4/4

**SUMMARY OF ACTIVITIES AND WORK OF THE COMMITTEE**

The Committee had carried out their duties in line with its Terms of Reference. The activities undertaken by the Committee during the financial year were as follows: -

- Reviewed the quarterly financial results and recommended to the Board for approval;
- Reviewed the audit fees payable to the external auditors in respect of the financial year ended 30 June 2023 and recommended to the Board for approval;
- Reviewed and evaluated the performance of the external auditors covering areas such as quality processes, audit team, audit scope, audit governance and independence as well as the audit fees, and recommended their appointment;
- Reviewed the audited financial statements with the external auditors to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016, and the applicable Malaysian Financial Reporting Standards (“MFRS”);
- Reviewed with the external auditors the audit findings in respect of the financial statements of the Group for the financial year ended 30 June 2023;

- Reviewed the statutory audit plan for the financial year under review and updates on the development of applicable MFRS and all other related statutory requirements;
- Reviewed the internal audit report and follow-up report on the Group operations;
- Reviewed the internal audit plan and provided recommendations;
- Reviewed the risk report presented by the Risk Management Steering Committee;
- Reviewed the debtors' ageing and made recommendation for provision of doubtful debts;
- Verified with the management on existence of related party transactions and/or conflict of interest situation that may arise within the Group;
- Reviewed and confirmed the minutes of the Audit and Risk Management Committee Meetings;
- Reviewed the Audit and Risk Management Committee Report for inclusion in the Annual Report; and
- Reviewed the report on the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

## INTERNAL AUDIT FUNCTION

The Company recognizes that an internal audit function is essential to ensure the effectiveness of the Group's system of internal control and is an integral part of the risk management process. The Company has an established Internal Audit Division whose primary function is to assist the Committee in discharging its duties and responsibilities. The Head of Internal Auditor Division reports directly to the Committee on a quarterly basis by presenting the internal audit plans and reports.

The following activities were carried out during the financial year:-

- Conducted internal audit reviews in accordance with the internal audit plan;
- Reviewed compliance with internal policies, procedures and standards and assessing the adequacy and effectiveness of the Group's internal controls;
- Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls;
- Presented internal audit plans and reports to the Audit and Risk Management Committee for review;
- Follow up review to ensure that recommendations are implemented effectively and in a timely manner.

The internal audit carried out during the financial year ended 30 June 2023 did not reveal weakness that have resulted in any material losses.

The cost incurred for the Internal Audit Department for the financial year ended 30 June 2023 amounted to RM119,269.

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# FINANCIAL STATEMENTS

## Year Ended 30 June 2023

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36	DIRECTORS' REPORT
41	STATEMENT BY DIRECTORS
41	STATUTORY DECLARATION
42	INDEPENDENT AUDITORS' REPORT
46	STATEMENTS OF FINANCIAL POSITION
47	STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
48	STATEMENTS OF CHANGES IN EQUITY
50	STATEMENTS OF CASH FLOWS
52	NOTES TO THE FINANCIAL STATEMENTS

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 2023.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding whilst those of its subsidiaries are disclosed in Note 8 to the financial statements.

There has been no significant change in the nature of these principal activities during the financial year.

**RESULTS**

	<b>Group</b> RM	<b>Company</b> RM
Profit for the financial year	<u>11,008,400</u>	<u>7,199,517</u>

In the opinion of the Board of Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**RESERVES AND PROVISIONS**

There was no material transfer to and from reserves or provisions during the financial year.

**DIVIDENDS**

Since the end of the previous financial year, the Company has declared an interim single-tier dividend of 4 sen per ordinary shares totaling RM6,928,633 in respect of the financial year ended 30 June 2023 which was paid on 23 December 2022.

**DIRECTORS**

The Directors of the Company who served during the financial year up to the date of this report are:

Amarjeet Kaur A/P Ranjit Singh  
Chan Chee Yuan  
Dato' Abdul Murad Bin Khalid  
Datuk Ng Kam Chiu  
Datuk Chung Hon Cheong\*  
Kuah Hun Liang  
Si Tho Yoke Meng\*

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

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with the Company in the ordinary course of business as disclosed in Note 27.2 to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, was the Company a party to any arrangements with the object of enabling Directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

**DIRECTORS' REMUNERATION**

Directors' remuneration paid or receivable by Directors from the Company and subsidiaries of the Company in respect of the financial year is as follows:

	Group RM	Company RM
Directors' remuneration:		
Fees	144,000	144,000
Salaries and other benefits	1,604,352	-
Defined contribution plan	114,845	-
	1,863,197	144,000

**DIRECTORS' INTEREST IN SHARES**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 ("the Act"), the interests and deemed interests of Directors in office at the end of the financial year in the shares of the Company during the financial year are as follows:

	<u>Number of ordinary shares</u>			
	<u>As at 1.7.2022</u>	<u>Bought</u>	<u>Sold</u>	<u>As at 30.6.2023</u>
<u>Interest in the Company</u>				
<u>Direct interest:</u>				
Datuk Ng Kam Chiu	268,000	-	-	268,000
Datuk Chung Hon Cheong	223,334	-	-	223,334
Kuah Hun Liang	18,440,800	-	-	18,440,800
<u>Indirect interest:</u>				
Dato' Abdul Murad Bin Khalid	20,690,000	-	-	20,690,000
Datuk Ng Kam Chiu	6,100	-	-	6,100
Datuk Chung Hon Cheong	71,361,227	-	-	71,361,227
Si Tho Yoke Meng	71,361,227	-	-	71,361,227

### DIRECTORS' INTEREST IN SHARES (Cont'd)

By virtue of their interest in the shares of the Company, Datuk Chung Hon Cheong and Si Tho Yoke Meng are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors in office at the end of the financial year has any interest in shares of the Company or its related corporations during the financial year.

### ISSUE OF SHARES AND DEBENTURES

During the financial year there were no new issue of shares or debentures by the Company.

### TREASURY SHARES

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 30 October 2008. The shareholders' mandate was subsequently renewed at the 18th Annual General Meeting held on 25 November 2022. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

As at 30 June 2023, the Company held as treasury shares a total of 16,117,500 of its 189,333,333 issued ordinary shares. Such treasury shares are held at a carrying amount of RM8,194,362. Further details are disclosed in Note 15 to the financial statements.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares 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:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the impairments and satisfied themselves that there are no known bad debts and that impairments need not be made; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

### OTHER STATUTORY INFORMATION (Cont'd)

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

- (i) which would render writing off of bad debts or the impairments in the financial statements of the Group and of the Company necessary; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
- (iii) not otherwise dealt with in the report or the financial statements of the Group and the Company which would render any amount stated in the financial statements of the Group and of the Company misleading; and
- (iv) 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.

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability 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.

In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

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

The Directors and officers of the Group and of the Company are covered under the Directors and Officer liability insurance up to an aggregate limit of RM5,000,000 against any legal liability, if incurred by the Directors and officers of the Company and its subsidiaries in the discharge of their duties for and on behalf of the Company pursuant to Section 289 of the Act. The amount of insurance premium paid during the financial year is RM74,210. Other than as disclosed, no other indemnity has been given to or insurance effected for the Directors or officers of the Company during the financial year.

To the extent permitted by the Act, the Company has agreed to indemnify its auditors as part of the terms of their engagement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year end.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

### AUDITORS

The auditors, ECOVIS MALAYSIA PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the financial year is RM151,827 and RM49,000 for the Group and the Company respectively.

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

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**Datuk Chung Hon Cheong**  
Director

---

**Si Tho Yoke Meng**  
Director

Kuala Lumpur  
12 October 2023

**STATEMENT BY DIRECTORS**  
**Pursuant to Section 251(2) of the Companies Act 2016**



We, **Datuk Chung Hon Cheong** and **Si Tho Yoke Meng**, being two of the Directors of **REXIT BERHAD**, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 46 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of the 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,

.....  
**Datuk Chung Hon Cheong**  
Director

.....  
**Si Tho Yoke Meng**  
Director

Kuala Lumpur  
12 October 2023

**STATUTORY DECLARATION**  
**Pursuant to Section 251(1) of the Companies Act 2016**

I, **Chan Shih Fei**, being the officer primarily responsible for the financial management of **REXIT BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 94 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by     )  
the abovenamed at Kuala Lumpur in the     )  
Federal Territory on 12 October 2023     )

.....  
**Chan Shih Fei**

Before me,

Commissioner for Oaths

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of **Rexit Berhad** (“the Company”) and its subsidiaries (“the Group”), which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 94.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) 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 (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence and Other Ethical Responsibilities**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

**Report on the Audit of the Financial Statements (Cont'd)**

**Key Audit Matters (Cont'd)**

Key audit matters	Our response
<p><u>Revenue recognition</u></p> <p>Total Group revenue recognised for the year ended 30 June 2023 was RM27,295,268 (2022: RM26,203,242).</p> <p>Revenue recognition for software-based activities required significant judgement in identifying each separate element of the contracts (for example license, maintenance and subscription), when sold together in a bundle.</p> <p>This judgement could materially affect the timing and quantum of revenue and profit recognised in each period.</p> <p>We assessed this risk to be greatest in larger contracts with revenue recognised for software-based activities in the period, where there is increased likelihood of unusual sales arrangements containing bespoke terms, potentially leading to unidentified contract elements.</p>	<p>In response to this key audit matter, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>(a) Evaluated the design and implementation of controls regarding revenue recognition and understand the IT environment.</li> <li>(b) Reviewed samples of new and ongoing contracts to test the completeness of relevant contractual terms.</li> <li>(c) Engaged in discussions with the management to check for completeness of contracts and other contractual arrangements outside the usual terms and/or any contract modifications.</li> <li>(d) Considered the evidence available for standalone selling prices by reference to day rates offered to other customers for similar professional services.</li> <li>(e) We have reviewed samples of contract assets and contract liabilities and evaluated the impact on the financial statements.</li> <li>(f) Reviewed the disclosures in the financial statements for: i) changes to revenue accounting policies are clearly described and explained, ii) performance obligations are identified and explained, and iii) critical judgements and key sources of estimation uncertainty.</li> </ul>

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

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

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

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

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

**Report on the Audit of the Financial Statements (Cont'd)**

**Responsibilities of the Directors for the Financial Statements**

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has 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 ISAs 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 basis of these financial statements.

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

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

**Report on the Audit of the Financial Statements (Cont'd)**

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

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

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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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 8 to the financial statements.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

**ECOVIS MALAYSIA PLT**  
AF 001825  
Chartered Accountants

**CHUA KAH CHUN**  
02696/09/2025 J  
Chartered Accountant

Kuala Lumpur  
12 October 2023

**STATEMENTS OF FINANCIAL POSITION**  
AS AT 30 JUNE 2023



	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current assets</b>					
Property, plant and equipment	5	4,981,104	5,604,554	-	-
Intangible assets	7	336,250	336,250	-	-
Investment in subsidiaries	8	-	-	13,841,000	13,841,000
Other investments	9	16,565,016	10,688,457	-	-
Deferred tax assets	10	129,445	82,178	-	-
		<u>22,011,815</u>	<u>16,711,439</u>	<u>13,841,000</u>	<u>13,841,000</u>
<b>Current assets</b>					
Trade receivables	11	3,316,617	3,572,241	-	-
Contract assets	12	165,835	139,173	-	-
Deposits and prepayments	13	707,388	696,553	-	-
Tax recoverable		1,160,509	1,543,461	6,571	4,638
Investment in money market fund	14	23,461,830	21,955,264	1,257,109	624,285
Cash and bank balances		4,021,096	4,982,376	126,254	479,127
		<u>32,833,275</u>	<u>32,889,068</u>	<u>1,389,934</u>	<u>1,108,050</u>
<b>TOTAL ASSETS</b>		<u>54,845,090</u>	<u>49,600,507</u>	<u>15,230,934</u>	<u>14,949,050</u>
<b>EQUITY</b>					
Share capital	15	18,933,333	18,933,333	18,933,333	18,933,333
Treasury shares	15	(8,194,362)	(8,194,362)	(8,194,362)	(8,194,362)
Reserves	16	38,842,908	33,904,470	4,445,544	4,174,660
<b>Total equity</b>		<u>49,581,879</u>	<u>44,643,441</u>	<u>15,184,515</u>	<u>14,913,631</u>
<b>Non-current liability</b>					
Deferred tax liabilities	10	-	9,327	-	-
Lease liabilities	19	-	171,863	-	-
		<u>-</u>	<u>181,190</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	17	12,936	41,710	-	-
Other payables and accruals	18	2,048,442	2,087,358	46,419	35,419
Lease liabilities	19	171,863	168,007	-	-
Contract liabilities	12	2,904,929	2,465,149	-	-
Tax payable		125,041	13,652	-	-
		<u>5,263,211</u>	<u>4,775,876</u>	<u>46,419</u>	<u>35,419</u>
<b>Total liabilities</b>		<u>5,263,211</u>	<u>4,957,066</u>	<u>46,419</u>	<u>35,419</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>54,845,090</u>	<u>49,600,507</u>	<u>15,230,934</u>	<u>14,949,050</u>

The notes on pages 46 to 94 form an integral part of these financial statements  
Auditors' report on pages 42 to 45

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2023



	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	20	27,295,268	26,203,242	7,504,202	7,515,758
Cost of sales		(7,184,579)	(7,063,425)	-	-
Gross profit		20,110,689	19,139,817	7,504,202	7,515,758
Other income		622,575	513,097	29,856	13,616
Administrative expenses		(6,236,494)	(7,263,853)	(334,537)	(312,973)
Profit from operations		14,496,770	12,389,061	7,199,521	7,216,401
Finance costs	21	(9,161)	(15,867)	-	-
<b>Profit before tax</b>	22	14,487,609	12,373,194	7,199,521	7,216,401
Tax expenses	23	(3,479,209)	(3,270,598)	(4)	-
<b>Profit for the financial year</b>		11,008,400	9,102,596	7,199,517	7,216,401
<u>Other comprehensive loss</u>					
- Net change in fair value of other investments designated at fair value through other comprehensive income		876,559	(1,269,349)	-	-
- Exchange differences on translation of foreign operations		(17,888)	(26,052)	-	-
<b>Total comprehensive income for the financial year</b>		11,867,071	7,807,195	7,199,517	7,216,401
Profit attributable to Owners of the Company		11,008,400	9,102,596	7,199,517	7,216,401
Total comprehensive income attributable to Owners of the Company		11,867,071	7,807,195	7,199,517	7,216,401
Basic earnings per ordinary share (sen)	24	6	5		

The notes on pages 46 to 94 form an integral part of these financial statements  
Auditors' report on pages 42 to 45

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2023

Group	Note	Attributable to owners of the Company					Total RM
		Share capital RM	Exchange translation reserve RM	Fair value reserve RM	Treasury shares RM	Retained earnings RM	
<b>At 1 July 2021</b>		18,933,333	(202,712)	1,026,307	(7,353,800)	32,244,153	44,647,281
Total comprehensive income for the year		-	(26,052)	(1,269,349)	-	9,102,596	7,807,195
Transaction with owners:							
Shares repurchased	15	-	-	-	(840,562)	-	(840,562)
Dividend	26	-	-	-	-	(6,970,473)	(6,970,473)
Total transactions with owners		-	-	-	(840,562)	(6,970,473)	(7,811,035)
<b>At 30 June 2022/1 July 2022</b>		18,933,333	(228,764)	(243,042)	(8,194,362)	34,376,276	44,643,441
Total comprehensive income for the year		-	(17,888)	876,559	-	11,008,400	11,867,071
Dividend	26	-	-	-	-	(6,928,633)	(6,928,633)
<b>At 30 June 2023</b>		18,933,333	(246,652)	633,517	(8,194,362)	38,456,043	49,581,879

The notes on pages 46 to 94 form an integral part of these financial statements  
Auditors' report on pages 42 to 45

**STATEMENTS OF CHANGES IN EQUITY (Cont'd)**  
**For the Financial Year Ended 30 June 2023 (Cont'd)**

Company	Note	Attributable to owners of the Company				Total RM
		Share capital RM	Treasury reserve RM	Retained earnings RM	Distributable	
<b>At 1 July 2021</b>		18,933,333	(7,353,800)	3,928,732		15,508,265
Total comprehensive income for the year		-	-	7,216,401		7,216,401
Transaction with owners:						
Shares repurchased	15	-	(840,562)	-		(840,562)
Dividend	26	-	-	(6,970,473)		(6,970,473)
Total transactions with owners		-	(840,562)	(6,970,473)		(7,811,035)
<b>At 30 June 2022/1 July 2022</b>		18,933,333	(8,194,362)	4,174,660		14,913,631
Total comprehensive income for the year		-	-	7,199,517		7,199,517
Dividend	26	-	-	(6,928,633)		(6,928,633)
<b>At 30 June 2023</b>		18,933,333	(8,194,362)	4,445,544		15,184,515

The notes on pages 46 to 94 form an integral part of these financial statements  
 Auditors' report on pages 42 to 45

**STATEMENTS OF CASH FLOWS**  
For the Financial Year Ended 30 June 2023

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	14,487,609	12,373,194	7,199,521	7,216,401
Adjustments for:				
Depreciation of property, plant and equipment	1,116,963	1,236,989	-	-
Distribution income from investment in money market fund	(251,179)	(392,597)	(2,968)	(15,758)
Dividend income from:				
- other investments	(320,460)	(369,235)	-	-
- a subsidiary	-	-	(7,500,000)	(7,500,000)
Fair value (gain)/loss on investment in money market fund	(253,513)	1,287,392	(29,856)	(13,616)
Finance costs	9,161	15,867	-	-
Gain on disposal of property, plant and equipment	-	(16,000)	-	-
Income from other investments	(58,252)	(931,039)	-	-
Interest income	(242,378)	(1,579)	(1,234)	-
Plant and equipment written off	65	-	-	-
Unrealised gain on foreign exchange	(48,603)	(113,778)	-	-
<b>Operating profit/(loss) before working capital changes</b>	<b>14,439,413</b>	<b>13,089,214</b>	<b>(334,537)</b>	<b>(312,973)</b>
<u>Changes in working capital:</u>				
Movement in receivables	202,354	(2,450,773)	-	-
Movement in payables	372,184	176,292	11,000	-
Cash flow generated from/ (used in) operation	15,013,951	10,814,733	(323,537)	(312,973)
Interest received	242,378	1,579	1,234	-
Tax paid	(3,041,462)	(3,691,824)	(1,937)	(2,278)
Tax refunded	-	233,046	-	2,522
<b>Net cash generated from/ (used in) operating activities</b>	<b>12,214,867</b>	<b>7,357,534</b>	<b>(324,240)</b>	<b>(312,729)</b>

The notes on pages 46 to 94 form an integral part of these financial statements  
Auditors' report on pages 42 to 45

**STATEMENTS OF CASH FLOWS (Cont'd)**  
For the Financial Year Ended 30 June 2023 (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Distribution income received from investment in money market fund	251,179	392,597	2,968	15,758
Dividend received from:				
- other investments	320,460	369,235	-	-
- a subsidiary	-	-	7,500,000	7,500,000
Income received from other investments	58,252	931,039	-	-
Net change in other investment	(5,000,000)	7,016,860	-	-
Purchase of property, plant and equipment	(493,940)	(1,152,965)	-	-
Proceeds from disposal of property, plant and equipment	-	16,000	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(4,864,049)</b>	<b>7,572,766</b>	<b>7,502,968</b>	<b>7,515,758</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(6,928,633)	(6,970,473)	(6,928,633)	(6,970,473)
Shares repurchased	-	(840,562)	-	(840,562)
Repayment of lease liabilities, net	(177,168)	324,003	-	-
<b>Net cash used in financing activities (Note a)</b>	<b>(7,105,801)</b>	<b>(7,487,032)</b>	<b>(6,928,633)</b>	<b>(7,811,035)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>245,017</b>	<b>7,443,268</b>	<b>250,095</b>	<b>(608,006)</b>
<b>NET FAIR VALUE (LOSS)/GAIN ON INVESTMENT IN MONEY MARKET FUND</b>	<b>253,513</b>	<b>(1,287,392)</b>	<b>29,856</b>	<b>13,616</b>
<b>CURRENCY TRANSLATION DIFFERENCE</b>	<b>46,756</b>	<b>88,284</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>26,937,640</b>	<b>20,693,480</b>	<b>1,103,412</b>	<b>1,697,802</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 25)</b>	<b>27,482,926</b>	<b>26,937,640</b>	<b>1,383,363</b>	<b>1,103,412</b>

Note:

(a) Movement in liabilities arising from financing activities:

Group	At 1 July	Net cash flows	Non-cash movement		At 30 June
			New leases	Internet expense	
<b>2023</b>					
Lease liabilities	339,870	(177,168)	-	9,161	171,863
<b>2022</b>					
Lease liabilities	-	(177,168)	501,171	15,867	339,870

The notes on pages 46 to 94 form an integral part of these financial statements  
Auditors' report on pages 42 to 45

## **1. CORPORATE INFORMATION**

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

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at 42, Jalan BM 1/2, Taman Bukit Mayang Emas, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding whilst those of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of this principal activity during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 October 2023.

## **2. BASIS OF PREPARATION**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. The financial statements of the Group and of the Company have been prepared on the historical cost basis otherwise stated in the significant accounting policies in Note 3 to the financial statements.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the also the functional currency of the Company, except a subsidiary which presented in Renminbi ("RMB").

The preparation of financial statements in conformity with MFRSs and IFRSs requires the management to make judgements and estimates and that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and contingent liabilities, if any. Judgements and estimates are applied in the measurement, hence actual results could differ from reported amounts. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

### **2.1 Amendments to MFRS that are effective and have been adopted in the current financial year**

The following are amendments to MFRS that are effective and have been adopted by the Company:

- Amendments to MFRS 3, 'Business Combination' – Reference to the Conceptual Framework
- Amendment to MFRS 16, 'Leases' - COVID-19-Related Rent Concessions beyond 30 June 2021
- Amendments to MFRS 116, 'Property, Plant and Equipment' – Proceeds before Intended Use
- Amendments to MFRS 137, 'Provisions, Contingent Liabilities and Contingent Assets' – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 – 2020:
  - Amendments to MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards' – Subsidiary as a First-Time Adopter
  - Amendments to MFRS 9, 'Financial Instruments' – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
  - Amendments to MFRS 141, 'Agriculture' – Taxation in Fair Value Measurements

The adoption of the above amendments to MFRS did not have any significant effect on the financial statements of the Company and did not result in significant changes to the Company's existing accounting policies.

## **2. BASIS OF PREPARATION (Cont'd)**

### **2.2 MFRS and amendments to MFRS that have been issued, but yet to be adopted**

The following are MFRS and amendments to MFRS that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Company:

#### **(i) Effective immediately on 23 May 2023**

- Amendments to MFRS 112, ‘Income Taxes’ – International Tax Reform – Pillar Two Model Rules (Paragraphs 4A and 88A)

#### **(ii) Effective for annual periods beginning on or after 1 January 2023**

- MFRS 17, ‘Insurance Contracts’ and Amendments to MFRS 17, ‘Insurance Contracts’
- Amendment to MFRS 17, ‘Insurance Contracts’ – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, ‘Presentation of Financial Statements’ – Disclosure of Accounting Policies
- Amendments to MFRS 108, ‘Accounting Policies, Changes in Accounting Estimates and Errors’ – Definition of Accounting Estimates
- Amendments to MFRS 112, ‘Income Taxes’ – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to MFRS 112, ‘Income Taxes’ – International Tax Reform – Pillar Two Model Rules (Paragraphs 88B, 88C and 88D)

#### **(iii) 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’ – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101, ‘Presentation of Financial Statements’ – Non-current Liabilities with Covenants
- Amendments to MFRS 107, ‘Statement of Cash Flows’ and MFRS 7, ‘Financial Instruments: Disclosures’ – Supplier Finance Arrangements’

#### **(iv) Deferred to a date to be determined by the MASB**

- 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 Company plans to apply the abovementioned MFRS and amendments to MFRS, where applicable to the Company, from the beginning of the financial year where they become effective.

The initial application of above MFRS and amendments to MFRS are not expected to have any material financial impacts to the current and prior period financial statements of the Company.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Basis of Consolidation**

##### **(a) Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale (accounted for in accordance with MFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations) or distribution. The cost of investment includes transaction costs.

##### **(b) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

##### **(c) Acquisitions of non-controlling interests**

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group reserves.

##### **(d) Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.1 Basis of Consolidation (Cont'd)**

##### **(e) Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### **(f) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### **3.2 Foreign currency**

##### **(a) Functional currency**

The financial statements of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (“the functional currencies”) except for a subsidiary which presented in Renminbi (“RMB”).

##### **(b) Foreign currency transactions and translations**

Transactions in currencies other than the Company’s and its subsidiaries’ functional currency (“foreign currencies”) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity.

##### **(c) Foreign operations**

Financial statements of foreign operations are translated at year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to profit or loss. All resulting translation differences are recognised as a separate component in equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.2 Foreign currency (Cont'd)

##### (c) Foreign operations (Cont'd)

Fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of acquired entity and translated at the exchange rate ruling at the reporting date.

#### 3.3 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred. The carrying amount of the replaced part is derecognised.

Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates are:

Building	2%
Motor vehicles	20%
Computers	10% - 25%
Office equipment	10% - 20%
Furniture and fittings	10% - 33%
Renovation	20%

Freehold land is not depreciated as it has an indefinite useful life.

At each reporting date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying value is recognised in profit or loss.

#### 3.4 Intangible assets

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

Intangible assets are initially measured at cost. After the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.4 Intangible assets (Cont'd)**

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the direct costs.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108, 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

##### **(a) Goodwill**

Goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent period.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### **(b) Research and Development**

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the product or processes to generate future economic benefits.

Capitalised development costs are amortised on a straight-line basis over a period of five years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.4 Intangible assets (Cont'd)**

##### **(c) Other intangible assets**

System, application and computer software that do not form an integral part of the related hardware are treated as intangible assets with finite lives and are amortised over their estimated useful lives. The principal amortisation period of software is 4 years.

#### **3.5 Impairment of non-financial assets**

The carrying amounts of other assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### **3.6 Other investments**

Other investment is carried at cost less impairment losses. Where an indication of impairment exists, the carrying amount of the other investment is assessed and written down immediately to its recoverable amount, in line with the accounting policy set out in Note 3.8 to the financial statements.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to profit or loss.

Investment in other financial instruments is recognised in accordance with Note 3.7 to the financial statements.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.7 Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

##### **(i) Financial assets measured at amortised cost**

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured subsequently at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include receivables (excluding prepayments), other investments, contract assets, deposits and cash and bank balances.

##### **(ii) Financial assets measured at fair value**

Financial assets at fair value through other comprehensive income comprises investment in equity that is not held for trading, and the Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.7 Financial assets (Cont'd)**

##### **(iii) Derecognition**

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset at fair value through other comprehensive income, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

##### **(iv) Offsetting**

Financial assets are offset and net amount presented in the statement of financial position when, only when the Group and the Company currently has a legally enforceable right to set off the amounts and it intends to settle them on a net basis or to realise the asset and liabilities simultaneously.

#### **3.8 Impairment of financial assets**

The Group and the Company assess on a forward-looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.
- significant increases in credit risk on other financial instruments of the same debtor.
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.8 Impairment of financial assets (Cont'd)**

The ECL approach can be classified into the categories below:

##### **Contract assets, trade and other receivables**

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for contract assets, trade and other receivables.

For measurement of ECL, contract assets, trade and other receivables arising from the Group's and the Company's principal activities have been grouped based on shared credit risk characteristics, for example type of customers and the days past due. Trade receivables which are in default or credit-impaired are assessed individually.

##### **Financial assets other than contract assets, trade and other receivables**

The Group and the Company apply a two-step approach to measure the ECL on financial assets other than contract assets, trade and other receivables:

- 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company shall measure the allowance for impairment for the financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

- Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

At each financial year end, the Group and the Company assess whether there is a significant increase in credit risk for financial assets other than contract assets, trade and other receivables since initial recognition by comparing the risk of default on these financial assets as at the financial year end with the risk of default as at the date of initial recognition. The Group and the Company consider external credit rating, historical experience on similar assets and other supportive information to assess deterioration in credit quality of these financial assets.

#### **3.9 Contract assets/(liabilities)**

Contract assets relate to the Group's right to consideration for completed performance under the contract but not billed at the reporting date. The contract assets are transferred to receivables when the right to consideration becomes unconditional.

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.10 Financial liabilities**

##### **(i) Initial recognition and subsequent measurement**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable costs, except in the case of financial liabilities at fair value through profit or loss.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### **(ii) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group or the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities at fair value through profit or loss in the current financial year and previous financial year.

##### **(iii) Other financial liabilities**

The Group's and the Company's other financial liabilities consist of payables and contract liabilities.

Payables and contract liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### **(iv) Derecognition**

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### **(v) Offsetting**

Financial liabilities are offset and net amount presented in the statement of financial position when, only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liabilities simultaneously.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.11 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term funding requirements.

#### **3.12 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Ordinary shares are equity instruments.

##### **(a) Share capital and share issuance expenses**

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends to shareholders are recognised in equity in the period in which they are declared.

##### **(b) Treasury shares**

When shares of the Company that have not been cancelled and recognised as equity are reacquired, the amount of consideration paid, including directly attributable costs, net of tax deductions, is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

#### **3.13 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sales are interrupted or completed.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **3.14 Provisions**

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.15 Leases

##### As lessee

The Group and the Company recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group and the Company; and
- an estimate of costs to be incurred by the Group and the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

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

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets or lease term whichever is earlier.

If the lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group and the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

In determining the enforceable period of the lease, the Group and the Company considers the following:

- the broader economics of the contract, and not only contractual termination payments. If either party has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is deemed enforceable beyond the date on which the contract can be terminated; and
- whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. A lease is no longer enforceable only when both parties have such a right. Consequently, if only one party has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the contract is deemed enforceable beyond the date on which the contract can be terminated by that party.

The Group and the Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.15 Leases (Cont'd)

##### As lessee (Cont'd)

The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, as follows:

Furniture and fittings Over the lease period of 36 months

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Group and the Company also apply the recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and lease of low-value assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

#### 3.16 Revenue recognition

The Group and the Company recognise revenue from contracts with customers based on five-step model as set out in MFRS 15:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

- (i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.16 Revenue recognition (Cont'd)**

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Group's and the Company's revenue from contracts with customers are further described below:

##### **(a) Software based activities**

The Group owns a number of intellectual properties ("IP") and licenses the IP to customers based on sales or usage-based fee and annual subscription fee basis.

The Group assesses whether ongoing contractual obligations represent a performance obligation that is distinct from the license, if not distinct the combined performance obligation is recognised over time. If the license is distinct, it is recognised separately from the other performance obligations at the time of the delivery of the licensed software.

In determining the most appropriate method of recognising revenue over time, the Group has concluded that for majority of its licensed IP, there is a continuing requirement to provide enhancements and maintenance to optimise functionality, performance and ensure regulatory compliance and consequently the subscription fee received from customers will be recognised on a straight-line basis in the period cover by the invoice; for sales or usage-based fee, the Group recognises the revenue when the sales or usage occur and the performance obligation allocated has been satisfied.

For right to use license, the revenue was recognised when the control was transferred to the user.

Where the Group provides professional services incidental to the IP, e.g. customisation and other services, to customers. Revenue from these services is recognised as the services are performed.

Software maintenance fees are recognised in the period the services are provided, using a straight-line basis over the term of the maintenance agreement.

##### **(b) Interest and distribution income**

Interest and distribution income are recognised as it accrues using the effective interest method in profit or loss.

##### **(c) Dividend income**

Dividend income is included in the income statement when the right to receive payment is established and no significant uncertainty exists as regards to its receipt. Interim dividends from subsidiaries are recognised when they are declared and final dividends when they are approved by shareholders in general meeting.

#### **3.17 Employee benefits**

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised as an expense in the period which the employees have rendered the associated services.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating absences such as sick leave are recognised when absences occur.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.17 Employee benefits (Cont'd)**

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

The Group and the Company makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

#### **3.18 Income tax**

Income tax expense comprises current and deferred tax.

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for the year. Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to the items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax liabilities and assets are provided for, using the liability method, in respect of all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unabsorbed tax losses and capital allowances unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reduction will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly to equity and deferred tax arising from a business combination is adjusted against goodwill on consolidation.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

#### **3.19 Contingencies**

A contingent liability or asset is a possible obligation or benefit that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **3.20 Earnings per share**

The Group presents basic and diluted (where applicable) earnings per share (“EPS”) for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

#### **3.21 Operating segment**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

#### **3.22 Fair value measurements**

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the accounting policies of the Group and of the Company, the management is required to make judgements, estimates and assumptions about the carrying amounts of revenues, expenses, assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only for that period; or in the period of the revision and future periods if the revision affects both current and future periods.

##### **(a) Depreciation and amortisation**

Property, plant and equipment and intangible assets are depreciated/amortised on a straight-line basis over their estimated useful lives. Management estimated the useful lives of these property, plant and equipment to be within 4 to 50 years. The carrying amount of the Group's property, plant and equipment and intangible assets at 30 June 2023 is stated in Note 5 and Note 7, respectively, to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation/amortisation charges could be revised. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.51% (2022: 0.68%) variance in the Group's profit for the year.

##### **(b) Taxes**

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the estimation of the provision for income taxes is made and which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

Deferred tax assets are recognised for all deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

##### **(c) Revenue recognition**

The key areas of judgement in respect of recognising revenue are the timing of recognition and how the different elements of bundled contracts are identified for revenue from software-based activities.

##### **(d) Impairment of investments in subsidiaries**

Investments in subsidiaries are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such assessment required the directors to make estimates of the recoverable amount. Impairment loss is recognised for the amount by which the carrying amount of the assets exceed its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value-in-use. The carrying amounts of the investments in subsidiaries are disclosed in Note 8 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2023 (Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Building RM	Motor vehicles RM	Computers RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Total RM
<b>Cost</b>								
At 1 July 2022	1,561,386	709,720	672,773	18,348,214	707,319	732,237	856,550	23,588,199
Additions	-	-	-	491,840	2,100	-	-	493,940
Written off	-	-	-	(126,001)	(1,298)	-	-	(127,299)
Translation adjustment	-	-	-	(6,921)	(350)	-	(2,044)	(9,315)
At 30 June 2023	1,561,386	709,720	672,773	18,707,132	707,771	732,237	854,506	23,945,525
<b>Accumulated depreciation</b>								
At 1 July 2022	-	292,267	526,987	15,256,578	665,882	389,674	852,257	17,983,645
Charge for the financial year	-	14,195	134,554	777,799	13,185	172,937	4,293	1,116,963
Written off	-	-	-	(126,001)	(1,233)	-	-	(127,234)
Translation adjustment	-	-	-	(6,575)	(334)	-	(2,044)	(8,953)
At 30 June 2023	-	306,462	661,541	15,901,801	677,500	562,611	854,506	18,964,421
<b>Net carrying amounts</b>								
At 30 June 2023	1,561,386	403,258	11,232	2,805,331	30,271	169,626	-	4,981,104

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)

**5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

<b>Group</b>	<b>Freehold land</b> <b>RM</b>	<b>Building</b> <b>RM</b>	<b>Motor vehicles</b> <b>RM</b>	<b>Computers</b> <b>RM</b>	<b>Office equipment</b> <b>RM</b>	<b>Furniture and fittings</b> <b>RM</b>	<b>Renovation</b> <b>RM</b>	<b>Total</b> <b>RM</b>
<b>Cost</b>								
At 1 July 2021	1,561,386	709,720	818,334	17,697,935	698,871	231,066	854,606	22,571,918
Additions	-	-	-	643,694	8,100	501,171	-	1,152,965
Disposal	-	-	(145,561)	-	-	-	-	(145,561)
Translation adjustment	-	-	-	6,585	348	-	1,944	8,877
At 30 June 2022	1,561,386	709,720	672,773	18,348,214	707,319	732,237	856,550	23,588,199
<b>Accumulated depreciation</b>								
At 1 July 2021	-	278,072	537,993	14,351,400	653,594	216,606	846,020	16,883,685
Charge for the financial year	-	14,195	134,555	898,922	11,956	173,068	4,293	1,236,989
Disposal	-	-	(145,561)	-	-	-	-	(145,561)
Translation adjustment	-	-	-	6,256	332	-	1,944	8,532
At 30 June 2022	-	292,267	526,987	15,256,578	665,882	389,674	852,257	17,983,645
<b>Net carrying amounts</b>								
At 30 June 2022	1,561,386	417,453	145,786	3,091,636	41,437	342,563	4,293	5,604,554

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)

**6. RIGHT-OF-USE ASSETS**

<b>Group</b>	<b>Furniture and fittings RM</b>	<b>Total RM</b>
<b>Cost</b>		
At 1 July 2022/30 June 2023	501,171	501,171
<b>Accumulated depreciation</b>		
At 1 July 2022	167,057	167,057
Charge for the year	167,057	167,057
At 30 June 2023	334,114	334,114
<b>Net carrying amounts</b>		
At 30 June 2023	167,057	167,057
<b>Cost</b>		
At 1 July 2021	-	-
Additions	501,171	501,171
At 30 June 2022	501,171	501,171
<b>Accumulated depreciation</b>		
At 1 July 2021	-	-
Charge for the year	167,057	167,057
At 30 June 2022	167,057	167,057
<b>Net carrying amounts</b>		
At 30 June 2022	334,114	334,114

(a) With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as right-of-use asset and lease liabilities.

The Group leases five racks colocation that estimated for 3 years.

(b) The carrying amount of right-of-use assets of the Group are acquired under lease arrangement as disclosed in Note 19 to the financial statements.

**7. INTANGIBLE ASSETS**

<b>Group</b>	<b>Goodwill on consolidation RM</b>	<b>Development expenditure RM</b>	<b>Licences RM</b>	<b>Software RM</b>	<b>Total RM</b>
<b>Cost</b>					
At 1 July 2021/ 30 June 2022/ 30 June 2023	336,250	2,495,728	63,679	101,713	2,997,370
<b>Accumulated amortisation</b>					
At 1 July 2021/ 30 June 2022/ 30 June 2023	-	2,495,728	63,679	101,713	2,661,120
<b>Net carrying amounts</b>					
At 30 June 2022/ 30 June 2023	336,250	-	-	-	336,250

**7. INTANGIBLE ASSETS (Cont'd)**

**Impairment testing for CGU containing goodwill**

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to a subsidiary of the Company, Reward-Link.Com Sdn. Bhd..

The recoverable amount of the CGU was based on value-in-use (“VIU”) calculations. The recoverable amount for the CGU was higher than the aggregate carrying amount of the identifiable net assets and goodwill allocated and hence, no impairment loss was recognised during the financial year.

VIU of the CGU was determined by discounting the future cash flows forecasted to be generated from the continuing use of the CGU based on past performance and management’s expectation of market development. The key assumptions used for the CGU are as follows:

- (i) There will be no material change in structure and principal activities of CGU;
- (ii) Sales are expected to grow at 0.01% per annum over the five years projection period;
- (iii) Gross profit margin will be at 90%;
- (iv) General and administrative expenses are expected to increase at 3% to 4% per annum taking into account inflationary pressure on prices;
- (v) Terminal growth rate is expected to be 0%; and
- (vi) A pre-tax discount rate of 9.9% was applied in determining the recoverable amount of CGU.

The Directors of the Company believe that any reasonable change in the key assumptions would not cause the carrying amount of the CGU to exceed their recoverable amount.

**8. INVESTMENT IN SUBSIDIARIES**

	<b>Company</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
Unquoted shares:		
At cost	26,686,724	26,686,724
Less: Accumulated impairment loss	(12,845,724)	(12,845,724)
	<u>13,841,000</u>	<u>13,841,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)

**8. INVESTMENT IN SUBSIDIARIES (Cont'd)**

Name of company	Principal place of business	Effective equity interest		Principal activities
		2023 %	2022 %	
<b>Direct subsidiaries</b>				
Rexit Solutions Sdn. Bhd.	Malaysia	100	100	Sales of application software solutions and related products and services
Rexit (M) Sdn. Bhd.	Malaysia	100	100	Provision of software technical and consultancy services
Rexit Software Sdn. Bhd.	Malaysia	100	100	Research and development of application software solutions and provisions of related services
Rexit Software (Guangzhou) Co. Ltd.*	People's Republic of China	100	100	Design, development and production of software, sale of its developed products and provision of consultancy services
Rexit International Sdn. Bhd.	Malaysia	100	100	Provision of shared and outsourcing services to insurance companies outside Malaysia
Reward-Link.com Sdn. Bhd.	Malaysia	100	100	The Government authorised Road Transport Department ["JPJ"] eINSURANS gateway provider between the insurance companies in Malaysia and the JPJ

\* Audited by firm of auditors other than ECOVIS MALAYSIA PLT

**9. OTHER INVESTMENT**

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
<b>Non-current</b>		
- At cost	45,000	45,000
- At fair value through other comprehensive income	16,520,016	10,643,457
	<u>16,565,016</u>	<u>10,688,457</u>

The Group designated the fund investment as fair value through other comprehensive income because these investments represent investments that the Group intends to hold for long-term strategic purposes.

**10. DEFERRED TAX ASSETS/(LIABILITIES)**

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
At 1 July	72,851	405,585
Recognised in profit or loss (Note 23)	56,594	(332,734)
At 30 June	<u>129,445</u>	<u>72,851</u>
Represented by:		
Deferred tax assets	129,445	82,178
Deferred tax liabilities	-	(9,327)
	<u>129,445</u>	<u>72,851</u>

The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows (stated at gross):

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
Unabsorbed capital allowances and tax losses available for set off against future taxable profits	13,616,889	13,758,422
Deferred income	227,334	209,660
	<u>13,844,223</u>	<u>13,968,082</u>

The availability of unused tax losses for offsetting against future taxable profits of certain subsidiaries is subject to the requirements under the Income Tax Act 1967 and guidelines issued by the Inland Revenue Board.

Under the current tax legislation in Malaysia, unabsorbed losses from year of assessment ("YA") 2019 onwards can only be carried forward for a maximum period of 10 consecutive YAs. Unabsorbed losses for YA 2019 can be set off against income from any business source for 10 YAs and will be disregarded in YA 2030. Unabsorbed losses accumulated up to YA 2018 can be utilised for another 10 YAs and will be disregarded in YA 2029.

Deferred tax assets of certain subsidiaries have not been recognised in respect of the above items because it is not probable that the future taxable profits of the subsidiaries will be available against which the subsidiaries can utilise the benefits therefrom.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 30 June 2023 (Cont'd)**



**11. TRADE RECEIVABLES**

Trade receivables are interest-free and the normal credit terms granted by the Group ranges from 30 to 60 (2022: 30 to 60) days. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Information on financial risks of trade receivables is disclosed in Note 29.3 to the financial statements.

**12. CONTRACT ASSETS/(LIABILITIES)**

	Note	Group	
		2023 RM	2022 RM
At 1 July		2,325,976	2,554,580
Net revenue recognised during the year	20	17,161,932	16,792,477
Net billings during the year		(16,748,814)	(17,021,081)
At 30 June		<u>2,739,094</u>	<u>2,325,976</u>
Represented by:			
Contract assets	(a)	165,835	139,173
Contract liabilities	(b)	<u>(2,904,929)</u>	<u>(2,465,149)</u>

**(a) Contract assets**

The contract assets primarily relate to the Group's right to consideration for work performed but not yet billed at the reporting date for its software-based activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

**(b) Contract liabilities and unsatisfied obligations**

Contract liabilities are the obligation to transfer services to customer for which the Group has received consideration from the customer. Contract liabilities include the advance received from customers where the Group received the payment before the services are provided to customers, which is expected to be recognised as revenue within the next 12 months.

**13. DEPOSITS AND PREPAYMENTS**

	Group	
	2023 RM	2022 RM
Deposits	56,087	58,013
Prepayments	651,301	638,540
	<u>707,388</u>	<u>696,553</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)

**14. INVESTMENT IN MONEY MARKET FUND**

	<b>Group</b>		<b>Company</b>	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
At fair value through profit or loss	<u>23,461,830</u>	<u>21,955,264</u>	<u>1,257,109</u>	<u>624,285</u>

Investment in money market fund represent investment in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

**15. SHARE CAPITAL**

	<b>Group and Company</b> <b>2023</b>		<b>Group and Company</b> <b>2022</b>	
	<u>Number of shares</u>	<u>RM</u>	<u>Number of shares</u>	<u>RM</u>
Issued and fully paid up: 1 July/30 June	<u>189,333,333</u>	<u>18,933,333</u>	<u>189,333,333</u>	<u>18,933,333</u>

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. All ordinary shares rank equally with regard to the Company's residual assets.

At the reporting date, the number of outstanding ordinary shares in issue after setting off the treasury shares of 16,117,500 (2022: 16,117,500) against its equity of 189,333,333 is 173,215,833 (2022: 173,215,833).

Details relating to the repurchase during the year are as follows:

	<b>Group and Company</b> <b>2023</b>		<b>Group and Company</b> <b>2022</b>	
	<u>Number of shares</u>	<u>RM</u>	<u>Number of shares</u>	<u>RM</u>
At 1 July	16,117,500	8,194,362	15,071,500	7,353,800
Shares repurchased during the year	-	-	1,046,000	840,562
At 30 June	<u>16,117,500</u>	<u>8,194,362</u>	<u>16,117,500</u>	<u>8,194,362</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)



**16. RESERVES**

	<b>Group</b>		<b>Company</b>	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
<b>Non-distributable</b>				
Exchange translation reserve	(246,652)	(228,764)	-	-
Fair value reserve	633,517	(243,042)	-	-
<b>Distributable</b>				
Retained earnings	38,456,043	34,376,276	4,445,544	4,174,660
	<u>38,842,908</u>	<u>33,904,470</u>	<u>4,445,544</u>	<u>4,174,660</u>

Fair value reserve movement is as follow:

	<b>Group</b>	
	<u>2023</u> RM	<u>2022</u> RM
At 1 July	(243,042)	1,026,307
Redemption/Net change in fair value	876,559	(1,269,349)
At 30 June	<u>633,517</u>	<u>(243,042)</u>

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

The retained earnings of the Group and the Company are available for distributions by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences to Group and the Company that would result from the payment of dividends to shareholders. The dividends would not be taxable in the hands of the shareholders.

**17. TRADE PAYABLES**

The Group's normal trade credit term ranges from 60 to 90 days (2022: 60 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

**18. OTHER PAYABLES AND ACCRUALS**

	<b>Group</b>		<b>Company</b>	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Other payables	423,908	634,763	419	419
Accruals	1,624,534	1,452,595	46,000	35,000
	<u>2,048,442</u>	<u>2,087,358</u>	<u>46,419</u>	<u>35,419</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)

**19. LEASE LIABILITIES**

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
At 1 July	339,870	-
New lease liabilities in the year	-	501,171
Lease interest (Note 21)	9,161	15,867
Less: lease payments	(177,168)	(177,168)
At 30 June	<u>171,863</u>	<u>339,870</u>
Future lease payments payables:		
- Not later than one year	177,168	177,168
- More than one year to five years	-	177,168
Total future minimum lease payments	<u>177,168</u>	<u>354,336</u>
Less: Future finance charges	(5,305)	(14,466)
Present value of minimum lease payments	<u>171,863</u>	<u>339,870</u>
Payments due within 12 months, presented as current	(171,863)	(168,007)
Non-current portion of lease liabilities	<u>-</u>	<u>171,863</u>
Present value of lease liabilities		
- Not later than one year	171,863	168,007
- More than one year to five years	-	171,863
	<u>171,863</u>	<u>339,870</u>

- (a) The net carrying amount of right-of-use assets of the Group under lease arrangements at the end of reporting period are as disclosed in Note 6 to the financial statements.
- (b) The lease liabilities of the Group bear weighted average effective interest rate at 4.08% (2022: 4.08%) per annum respectively.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)

**20. REVENUE**

**Disaggregation of revenue from contracts with customers**

The Group and the Company derive revenue from the following major lines:

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
Distribution income from investment in money market fund	251,179	392,597
Income from other investments	58,252	931,039
Interest income	242,378	1,579
Software based activities	27,699,027	25,642,188
Segment revenue	<u>28,250,836</u>	<u>26,967,403</u>
Less: Intercompany revenue	(955,568)	(764,161)
Revenue from external customers	<u>27,295,268</u>	<u>26,203,242</u>
Timing of revenue recognition:		
- Over time	<u>27,295,268</u>	<u>26,203,242</u>

	<b>Company</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
Distribution income from investment in money market fund	2,968	15,758
Dividends from subsidiaries	7,500,000	7,500,000
Interest income	1,234	-
Segment revenue	<u>7,504,202</u>	<u>7,515,758</u>
Timing of revenue recognition:		
- At a point in time	7,500,000	7,500,000
- Over time	4,202	15,758
	<u>7,504,202</u>	<u>7,515,758</u>

**21. FINANCE COSTS**

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
Lease liabilities interest (Note 19)	<u>9,161</u>	<u>15,867</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)

**22. PROFIT BEFORE TAX**

Profit before tax is arrived at after charging/(crediting):

	<b>Group</b>		<b>Company</b>	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Auditors' remuneration				
- Current year	138,827	118,611	41,000	35,000
- Other services	5,000	-	5,000	-
- Underprovision in prior years	8,000	-	3,000	-
Depreciation of property, plant and equipment	1,116,963	1,236,989	-	-
Plant and equipment written off	65	-	-	-
Rental of premises	132,062	127,410	-	-
Staff costs:				
- Salaries and other benefits	2,089,182	1,960,512	-	-
- Defined contribution plan	136,731	136,734	-	-
Dividend income from other investments	(320,640)	(369,235)	-	-
(Gain)/Loss on foreign exchange:				
- Realised	23,927	(9,596)	-	-
- Unrealised	(48,603)	(113,778)	-	-
Gain on disposal of property, plant and equipment	-	(16,000)	-	-
Fair value loss/(gain) on investment in money market fund	(253,513)	1,287,392	(29,856)	(13,616)
Staff costs recognised in cost of sales:				
- Salaries and other benefits	5,751,330	5,506,847	-	-
- Defined contribution plan	426,194	433,961	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)

**23. TAX EXPENSES**

	<b>Group</b>		<b>Company</b>	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
<b>Income tax</b>				
- Current year	3,538,566	2,916,297	-	-
- Foreign income tax	140,578	148,220	-	-
- (Over)/Underprovision in prior years	(143,341)	(126,653)	4	-
	<u>3,535,803</u>	<u>2,937,864</u>	<u>4</u>	<u>-</u>
<b>Deferred tax (Note 10)</b>				
- Relating to origination and reversal of temporary differences	(56,594)	332,734	-	-
	<u>(56,594)</u>	<u>332,734</u>	<u>-</u>	<u>-</u>
	<u>3,479,209</u>	<u>3,270,598</u>	<u>4</u>	<u>-</u>

Malaysian income tax is calculated at the statutory rate of 24% (2022: 24%) on the chargeable income of the estimated taxable profit for the year.

Tax expense for other taxation authority is calculated at the rate prevailing in the respective jurisdiction.

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

	<b>Group</b>		<b>Company</b>	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Profit before tax	<u>14,487,609</u>	<u>12,373,194</u>	<u>7,199,521</u>	<u>7,216,401</u>
Malaysian statutory tax rate of 24%	3,477,026	2,969,567	1,727,885	1,731,936
Tax effects of:				
Non-deductible	(230,941)	688,046	80,289	75,114
Non-taxable income	(225,995)	(408,582)	(1,808,174)	(1,807,050)
(Over)/Underprovision in prior years				
- Income tax	(143,341)	(126,653)	4	-
Foreign income tax	140,578	148,220	-	-
	<u>3,479,209</u>	<u>3,270,598</u>	<u>4</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 30 June 2023 (Cont'd)

**24. EARNINGS PER SHARE**

	<b>Group</b>	
	<u>2023</u> RM	<u>2022</u> RM
<b>Basic earnings per share</b>		
Profit for the financial year	11,008,400	9,102,596
	<b>Number of shares</b>	
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares in issue	173,215,833	174,124,277
Basic earnings per ordinary share (sen)	6	5

No diluted earnings per share is disclosed in the financial statements as there are no dilutive potential ordinary shares.

**25. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Cash in hand	1,213	1,140	2	2
Cash at banks	4,019,883	4,981,236	126,252	479,125
Investment in money market fund	23,461,830	21,955,264	1,257,109	624,285
	<u>27,482,926</u>	<u>26,937,640</u>	<u>1,383,363</u>	<u>1,103,412</u>

**26. DIVIDEND**

	<b>Group and Company</b>	
	<u>2023</u> RM	<u>2022</u> RM
Single-tier interim dividend of 4 sen per ordinary share in respect of the financial year ended 30 June 2023	6,928,633	-
Single-tier interim dividend of 4 sen per ordinary share in respect of the financial year ended 30 June 2022	-	6,970,473
	<u>6,928,633</u>	<u>6,970,473</u>

## 27. SIGNIFICANT RELATED PARTY DISCLOSURES

### 27.1 Identities of related parties

For the purposes of the financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationship with companies within Rexit Berhad group, related companies, and key management personnel.

Key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly, or indirectly. The key management personnel include all the Directors of the Group and of the Company, and certain members of senior management of the Group and of the Company.

### 27.2 Significant related party transactions

There have been no significant related party transactions during the year other than those disclosed elsewhere in the financial statements.

### 27.3 Compensation of key management personnel

Compensation of key management personnel (including Directors) for the financial year ended 30 June 2023 and the comparative prior year are as follows:

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Directors' Remuneration:				
Fees	144,000	130,000	144,000	130,000
Salaries and other benefits	1,604,352	1,563,250	-	-
Defined contribution plan	114,845	110,010	-	-
	<u>1,863,197</u>	<u>1,803,260</u>	<u>144,000</u>	<u>130,000</u>
Key management personnel:				
Salaries and other benefits	612,256	596,593	-	-
Defined contribution plan	56,463	55,055	-	-
	<u>668,719</u>	<u>651,648</u>	<u>-</u>	<u>-</u>

## 28. OPERATING SEGMENTS

### (a) Business segments

Segmental information is not presented as the Group is primarily engaged in only one business segment which is to provide information technology (“IT”) solutions and related services which includes software-based activities and hardware sales. Besides, management monitors the operating results of the Group as a whole for the purpose of making decisions about resources allocation and performance assessment.

The other segment consists of interest and distribution income from cash and cash equivalents, which does not exceed the quantitative thresholds set out in MFRS 8, ‘Operating Segments’.

### (b) Geographical segments

The Group operates principally in Malaysia and Hong Kong SAR.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
Malaysia	22,405,979	22,052,435
Hong Kong SAR	4,395,025	3,685,793
Other countries	494,264	465,014
	<u>27,295,268</u>	<u>26,203,242</u>

Revenue from 3 (2022: 3) major customers with revenue equal or more than 10% of the Group’s total revenue amounted to RM11,119,338 (2022: RM11,828,090).

## 29. FINANCIAL INSTRUMENTS

### 29.1 Classification of financial instruments

Financial assets and financial liabilities are measure on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

**29. FINANCIAL INSTRUMENTS (Cont'd)**

**29.1 Classification of financial instruments (Cont'd)**

The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Classes of financial instruments	Amortised		
	<u>cost</u> RM	<u>FVTPL</u> RM	<u>FVTOCI</u> RM
<b>Group</b>			
<b>2023</b>			
<i>Financial assets</i>			
Other investments	45,000	-	16,520,016
Trade receivables	3,316,617	-	-
Contract assets	165,835	-	-
Deposits <sup>(^)</sup>	56,087	-	-
Investment in money market fund	-	23,461,830	-
Cash and bank balances	4,021,096	-	-
	<u>7,604,635</u>	<u>23,461,830</u>	<u>16,520,016</u>
<i>Financial liabilities</i>			
Trade payables	12,936	-	-
Other payables and accruals <sup>(^)</sup>	1,643,159	-	-
Lease liabilities	171,863	-	-
Contract liabilities	2,904,929	-	-
	<u>4,732,887</u>	<u>-</u>	<u>-</u>

**29. FINANCIAL INSTRUMENTS (Cont'd)**

**29.1 Classification of financial instruments (Cont'd)**

The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

Classes of financial instruments	Amortised	FVTPL	FVTOCI
	cost		
	RM	RM	RM
<b>Group</b>			
<b>2022</b>			
<i>Financial assets</i>			
Other investments	45,000	-	10,643,457
Trade receivables	3,572,241	-	-
Contract assets	139,173	-	-
Deposits <sup>(^)</sup>	58,013	-	-
Investment in money market fund	-	21,955,264	-
Cash and bank balances	4,982,376	-	-
	<u>8,796,803</u>	<u>21,955,264</u>	<u>10,643,457</u>
<i>Financial liabilities</i>			
Trade payables	41,710	-	-
Other payables and accruals <sup>(^)</sup>	1,678,305	-	-
Lease liabilities	339,870	-	-
Contract liabilities	2,465,149	-	-
	<u>4,525,034</u>	<u>-</u>	<u>-</u>

**29. FINANCIAL INSTRUMENTS (Cont'd)**

**29.1 Classification of financial instruments (Cont'd)**

The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

Classes of financial instruments	Amortised	
	<u>cost</u> RM	<u>FVTPL</u> RM
<b>Company</b>		
<b>2023</b>		
<i>Financial assets</i>		
Investment in money market fund	-	1,257,109
Cash and bank balances	126,254	-
	<u>126,254</u>	<u>1,257,109</u>
<i>Financial liabilities</i>		
Other payables and accruals	46,419	-
	<u>46,419</u>	<u>-</u>
<b>2022</b>		
<i>Financial assets</i>		
Investment in money market fund	-	624,285
Cash and bank balances	479,127	-
	<u>479,127</u>	<u>624,285</u>
<i>Financial liabilities</i>		
Other payables and accruals	35,419	-
	<u>35,419</u>	<u>-</u>

(<sup>^</sup>) Excluding prepayments and SST/GST payable.

The carrying amounts of cash and bank balances, receivables, and payables approximate their fair values on the statement of financial positions of the Company do not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled in a relatively short-term period except for investment in equity instrument and investment in money market fund which is carried at fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”) respectively as disclosed in Note 29.2 to the financial statements.

**29. FINANCIAL INSTRUMENTS (Cont'd)**

**29.2 Fair value hierarchy**

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

<b>Group</b>	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>2023</b>				
<b>FVTPL</b>				
- Investment in money market fund	23,461,830	-	-	23,461,830
<b>FVTOCI</b>				
- Other investments	16,520,016	-	-	16,520,016
	<u>39,981,846</u>	<u>-</u>	<u>-</u>	<u>39,981,846</u>
<b>2022</b>				
<b>FVTPL</b>				
- Investment in money market fund	21,955,264	-	-	21,955,264
<b>FVTOCI</b>				
- Other investments	10,643,457	-	-	10,643,457
	<u>32,598,721</u>	<u>-</u>	<u>-</u>	<u>32,598,721</u>
<b>Company</b>				
<b>2023</b>				
<b>FVTPL</b>				
Investment in money market fund	1,257,109	-	-	1,257,109
<b>2022</b>				
<b>FVTPL</b>				
Investment in money market fund	624,285	-	-	624,285

There were no transfers between Level 1, Level 2 and Level 3 during the current year.

The Group and the Company do not have any financial liabilities carried at fair value classified as above as at 30 June 2023.

Fair value for investment in money market fund is determined by reference to their published net asset values as at the reporting date.

**29.3 Financial risk management objectives and policies**

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their interest rate risk, other price risk, liquidity risk, credit risk and foreign exchange risk. The Group and the Company operate within clearly defined guidelines that are approved by the directors and the Group's and the Company's policies are not to engage in speculative transactions. There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risks.

**29. FINANCIAL INSTRUMENTS (Cont'd)**

**29.3 Financial risk management objectives and policies (Cont'd)**

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial year would not affect profit or loss.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting date is as follows:

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
<b>Fixed rate instruments</b>		
<u>Financial liability</u>		
Lease liabilities	171,863	339,870

*Sensitivity analysis for interest rate risk*

Sensitivity analysis for fixed rate instruments is not presented as fixed rate instruments are not affected by changes in interest rates.

**(b) Other price risk**

Other price risk is the risk that the fair value of future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market prices (other than interest rate).

The Group and the Company are exposed to market price risks arising from money market fund, which is quoted. This instrument is classified as financial asset designated at fair value through profit or loss. The fund investments of the Group and the Company are managed by a reputable asset management company. All investment and redemption decisions are approved by Directors of the Group and the Company.

*Sensitivity analysis for other price risk*

The following table details the sensitivity analysis to a reasonably possible change in the market prices of money market fund at the end of the reporting period, with all other variables held constant:

	<b>Group</b>		<b>Company</b>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM	RM	RM	RM
<b>Effects on Profit</b>				
<b>After Taxation and Equity</b>				
Increase of 1%	178,310	166,860	9,554	4,745
Decrease of 1%	(178,310)	(166,860)	(9,554)	(4,745)

**29. FINANCIAL INSTRUMENTS (Cont'd)**

**29.3 Financial risk management objectives and policies (Cont'd)**

**(c) 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. In the management of liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and where required, and mitigate the effects of fluctuation in cash flows.

The Company's financial liabilities at the end of the reporting period either mature one year or are repayable on demand.

The following table sets out the maturity profile of the Group's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows:

<b>Group</b>	<b>Effective Interest Rate</b>	<b>Carrying Amount RM</b>	<b>Contractual Undiscounted Cash Flows RM</b>	<b>On Demand or within One Year RM</b>	<b>One to Five Years RM</b>
<b>2023</b>					
Trade payables		12,936	12,936	12,936	-
Other payables and accruals		1,643,159	1,643,159	1,643,159	-
Lease liability	4.08%	171,863	177,168	177,168	-
Contract liabilities		2,904,929	2,904,929	2,904,929	-
		<b>4,732,887</b>	<b>4,738,192</b>	<b>4,738,192</b>	<b>-</b>
<b>2022</b>					
Trade payables		41,710	41,710	41,710	-
Other payables and accruals		1,678,305	1,678,305	1,678,305	-
Lease liability	4.08%	339,870	354,336	177,168	177,168
Contract liabilities		2,465,149	2,465,149	2,465,149	-
		<b>4,525,034</b>	<b>4,539,500</b>	<b>4,362,332</b>	<b>177,168</b>
<b>Company</b>					
<b>2023</b>					
Other payables and accruals		46,419	46,419	46,419	-
<b>2022</b>					
Other payables and accruals		35,419	35,419	35,419	-

**(d) Credit risk**

Credit risk arises when sales and services are made or provided on deferred credit terms. The Group and the Company seek to invest cash assets safely and profitably. They also seek to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

**29. FINANCIAL INSTRUMENTS (Cont'd)**

**29.3 Financial risk management objectives and policies (Cont'd)**

**(d) Credit risk (Cont'd)**

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of the related financial assets recognised on the statement of financial position.

Other financial assets of the Group and the Company with exposure to credit risk include cash and cash equivalents which are placed with financial institutions with good standing.

The exposure of credit risk for contract assets, trade and other receivables as at the reporting period by geographic region was:

	<b>Group</b>	
	<u>2023</u> RM	<u>2022</u> RM
Malaysia	2,580,503	3,382,000
Hong Kong SAR	810,413	287,671
Other countries	91,536	41,743
	<u>3,482,452</u>	<u>3,711,414</u>

*Significant concentration of credit risk*

Trade receivables

The Group has significant exposure to several customers. At the reporting date, approximately 75% (2022: 73%) of the Group's trade receivables were due from 7 (2022: 6) major customers.

Ageing analysis of contract assets, trade and other receivables

The ageing analysis of the Group's contract assets, trade and other receivables is as follows:

	<b>Group</b>	
	<u>2023</u> RM	<u>2022</u> RM
Neither past due nor impaired	1,514,303	3,099,994
1 to 30 days past due not impaired	1,028,145	417,810
31 to 60 days past due not impaired	477,748	22,862
61 to 90 days past due not impaired	296,421	31,575
	<u>1,802,314</u>	<u>472,247</u>
	<u>3,316,617</u>	<u>3,572,241</u>
Contract assets	165,835	139,173
	<u>3,482,452</u>	<u>3,711,414</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,802,314 (2022: RM472,247) that are past due at the reporting date but not impaired. These are unsecured in nature.

**29. FINANCIAL INSTRUMENTS (Cont'd)**

**29.3 Financial risk management objectives and policies (Cont'd)**

**(e) Foreign currency risk**

The Group is exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the local currency, Ringgit Malaysia ("RM"). The Group's policies are to keep the foreign exchange exposure to an acceptable level.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in the functional currency is as follow:

	<b>Group</b>	
	<u>2023</u>	<u>2022</u>
	RM	RM
<u>Other investments</u>		
Australian Dollar	3,088,592	3,035,392
United States Dollar	3,961,643	3,085,250
	<u>                    </u>	<u>                    </u>
<u>Trade and other receivables</u>		
Chinese Renminbi	16,527	16,952
Hong Kong Dollar	810,413	287,671
Singapore Dollar	91,536	41,743
	<u>                    </u>	<u>                    </u>
<u>Cash and cash equivalents</u>		
Australian Dollar	272,239	263,829
Chinese Renminbi	53,042	218,960
Hong Kong Dollar	825,948	1,492,454
United States Dollar	11,921	12,566
	<u>                    </u>	<u>                    </u>
<u>Trade and other payables</u>		
Chinese Renminbi	3,666	3,685
Hong Kong Dollar	718,148	588,126
	<u>                    </u>	<u>                    </u>

*Sensitivity analysis for foreign currency risk*

The following table demonstrated the sensitivity of the Group's profit after taxation to a reasonably possible change in Australian Dollar, Chinese Renminbi, Hong Kong Dollar, Singapore Dollar and United States Dollar and exchange rates against the functional currency of the Group, with all other variables held constant. The Group's profit after taxation would increase/(decrease), as applicable, by the amounts stated below if the individual foreign currency had strengthened/weakened by the following percentage:

	Change in currency rate (%)	<b>Group</b>	
		<u>2023</u>	<u>2022</u>
		RM	RM
Australian Dollar	10	255,423	250,741
Chinese Renminbi	10	5,009	17,649
Hong Kong Dollar	10	69,784	90,592
Singapore Dollar	10	6,957	3,172
United States Dollar	10	301,991	235,434
		<u>                    </u>	<u>                    </u>

**30. CAPITAL MANAGEMENT**

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's abilities to continue as going concerns and to maintain optimal capital structures so as to maximise shareholder value. The Group's and the Company's policies are to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future business developments. The Group and the Company fund their operations and growth through internally generated funds.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

There was no change in the Group's and the Company's approaches to capital management during the financial year.

The Group and the Company have no external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

**DETAILS OF LANDED PROPERTY  
AS AT 30 JUNE 2023**

Proprietor	: Rexit Solutions Sdn Bhd
Location	: 42, Jalan BM 1/2 Taman Bukit Mayang Emas 47301 Petaling Jaya Selangor Darul Ehsan
Description	: 3-storey shop office
Approximate Age Of Building	: 29 years
Existing Use	: Office
Total Land Area	: 368.4 sq m
Total Build-up Area	: 923.14 sq m
Tenure	: Freehold
Net Book Value	: RM1,964,644
Date of acquisition /revaluation	: 30 August 2001

# ANALYSIS OF SHAREHOLDINGS

## AS AT 4 OCTOBER 2023



Number of Issued Shares	189,333,333 Ordinary Shares (Inclusive of 16,117,500 Treasury Shares)
Class of Shares	Ordinary Shares
Voting Rights	One vote per ordinary share

### Distribution of shareholdings

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	57	2.69	2,255	0.00
100 - 1,000	577	27.28	207,432	0.12
1,001 - 10,000	955	45.13	5,018,269	2.90
10,001 - 100,000	444	20.98	14,219,315	8.21
100,001 and to less than 5% of issued shares	80	3.78	44,276,535	25.56
5% and above of issued shares	3	0.14	109,492,027	63.21
Total	2,116	100.00	173,215,833	100.00

### List of top 30 largest shareholders

Name of Shareholders	No. of Shares	%
1. REXIT VENTURE SDN BHD	70,361,227	40.62
2. GLOBAL HARTABUMI SDN BHD	20,690,000	11.94
3. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KUAH HUN LIANG (PB)	18,440,800	10.65
4. HSBC NOMINEES (ASING) SDN BHD QUINTET LUXEMBOURG FOR SAMARANG UCITS – SAMARANG ASIAN PROSPERITY	8,514,100	4.92
5. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SEOW LUN HOO @ SEOW WAH CHONG (PB)	7,917,300	4.57
6. PUI CHENG WUI	1,920,500	1.11
7. GAN KHO @ GAN HONG LEONG	1,850,500	1.07
8. LOW CHU MOOI	1,452,400	0.84
9. REXIT VENTURE SDN BHD	1,000,000	0.58
10. YANG FATIMAH BINTI MOHD PIAH	1,000,000	0.58
11. AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIENG ING MUI	940,700	0.54
12. FONG AH CHAI	800,000	0.46
13. LEE SHWU SIAN	751,700	0.43
14. TANG ZHEN SHENG	700,000	0.40
15. GAN KHO @ GAN HONG LEONG	686,200	0.40
16. CHONG HON MIN	631,667	0.36
17. KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	582,000	0.34

# ANALYSIS OF SHAREHOLDINGS

## AS AT 4 OCTOBER 2023

	<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>%</b>
18.	HAW SWEE BENG	500,000	0.29
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD WANG CHOON SEANG	500,000	0.29
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR PUI CHENG WUI	463,700	0.27
21.	CHAN SIEW KUEN	452,000	0.26
22.	CHAN SIEW FOONG	450,000	0.26
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HONJI CORPORATION SDN BHD (E-SS2)	400,000	0.23
24.	LEONG KOK WAI	390,000	0.23
25.	YEAP CHIN LOON	388,000	0.22
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAW SWEE BENG (E-SPG/PJN)	360,000	0.21
27.	LEE CHEE SENG	355,000	0.20
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG AI MING (E-KLC)	353,200	0.20
29.	BOEY THENG THENG	343,000	0.20
30.	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	340,000	0.20

**Substantial Shareholders**

Name of Shareholders	Direct Shareholding		Indirect Shareholding	
	No. of Shares	%	No. of Shares	%
Rexit Venture Sdn. Bhd.	71,361,227	41.20	0	0.00
Global Hartabumi Sdn. Bhd.	20,690,000	11.94	0	0.00
Kuah Hun Liang	18,440,800	10.65	0	0.00
Dato' Abdul Murad Bin Khalid	0	0.00	20,690,000 <sup>(b)</sup>	11.94
Datuk Chung Hon Cheong	223,334	0.13	71,361,227 <sup>(a)</sup>	41.20
Si Tho Yoke Meng	0	0.00	71,361,227 <sup>(a)</sup>	41.20
Mohd Azmil Bin Dato' Abdul Murad	0	0.00	20,690,000 <sup>(b)</sup>	11.94

**Directors' Shareholdings**

Name of Directors	Direct Shareholding		Indirect Shareholding	
	No. of Shares	%	No. of Shares	%
Datuk Ng Kam Chiu	268,000	0.15	6,100 <sup>(c)</sup>	0.00
Datuk Chung Hon Cheong	223,334	0.13	71,361,227 <sup>(a)</sup>	41.20
Si Tho Yoke Meng	0	0.00	71,361,227 <sup>(a)</sup>	41.20
Dato' Abdul Murad Bin Khalid	0	0.00	20,690,000 <sup>(b)</sup>	11.94
Kuah Hun Liang	18,440,800	10.65	0	0.00
Chan Chee Yuan	0	0.00	0	0.00
Amarjeet Kaur A/P Ranjit Singh	0	0.00	0	0.00

Notes :

- (a) Deemed interested by virtue of his shareholding in Rexit Venture Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("the Act").
- (b) Deemed interested by virtue of his shareholding in Global Hartabumi Sdn. Bhd. pursuant to Section 8(4) of the Act.
- (c) Deemed interested by virtue of his children's shareholding pursuant to Section 59(11)(c) of the Act.

**NOTICE IS HEREBY GIVEN** that the Nineteenth (19th) Annual General Meeting (“AGM”) of the Company will be held at Greens 3 (Sports Wing), Club House, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 November 2023 at 9.30 a.m. for the following purposes: -

## AGENDA

### AS ORDINARY BUSINESS:

- |    |                                                                                                                                                                |                                   |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.         | Please refer to Explanatory Notes |
| 2. | To re-elect the following Directors who retire pursuant to Article 131 of the Company’s Constitution:-<br>(a) Datuk Chung Hon Cheong<br>(b) Mr. Kuah Hun Liang | Resolution 1<br>Resolution 2      |
| 3. | To approve the payment of Directors’ fees of up to RM144,000 and Directors’ benefits of up to RM8,000 from 29 November 2023 until the next AGM of the Company. | Resolution 3                      |
| 4. | To re-appoint Messrs. Ecovis Malaysia PLT as Auditors of the Company and authorise the Directors to determine their remuneration.                              | Resolution 4                      |

### AS SPECIAL BUSINESS:

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

- |    |                                                                                                                                  |              |
|----|----------------------------------------------------------------------------------------------------------------------------------|--------------|
| 5. | <b>Ordinary Resolution - Authority to Issue and Allot Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016</b> | Resolution 5 |
|----|----------------------------------------------------------------------------------------------------------------------------------|--------------|

“THAT, subject to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 75 and Section 76 of the Act, to issue shares in the Company, from time to time and upon such terms and conditions and for such purposes the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate of number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

AND FURTHER THAT pursuant to Section 85 of the Act read together with Article 49 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Act AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.”

6. **Ordinary Resolution - Proposed Renewal of Authority for the Purchase by the Company of its own Shares**

Resolution 6

“THAT subject to the Act, the Constitution of the Company, the Listing Requirements of Bursa Securities for the ACE Market and the approval of such relevant governmental and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase its own shares (“Shares”) on the ACE Market of Bursa Securities at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interests of the Company provided that:

- (a) the aggregate number of Shares which may be purchased pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of purchase; and
- (b) the maximum funds to be allocated by the Company for the purchase of Shares shall not exceed the total retained profits of the Company at the time of the said purchase;

THAT, upon the purchase by the Company of its own Shares, the Board be and are hereby authorised to:-

- (i) cancel all or part of the Shares so purchased; and/or
- (ii) retain all or part of the Shares so purchased as Treasury Shares; and/or
- (iii) distribute the Treasury Shares as share dividends to the Company’s shareholders for the time being and/or resell the Treasury Shares on Bursa Securities.

THAT, such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at that meeting the authority is renewed either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any other relevant authority;

AND THAT, authority be and is hereby given to the Directors of the Company and/or any one of them to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as the Directors in their discretion deem it and expedient to give effect to the aforesaid purchase contemplated and/or authorised by this Ordinary Resolution.”

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

By Order of the Board

NG HENG HOOI (MAICSA 7048492) (PC NO. 202008002923)

WONG MEE KIAT (MAICSA 7058813) (PC NO. 202008001958)

Company Secretaries

Dated: 27 October 2023

**Notes:-**

- (i) Only members whose names appear in the Record of Depositors as at 21st November 2023 will be entitled to attend and vote at the Meeting.
- (ii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (iii) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- (v) The instrument appointing a proxy shall be deposited at the Share Registrar of the Company at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- (vi) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

## Explanatory Notes

### 1. **Agenda 1 - Audited Financial Statements and the Reports of the Directors and Auditors**

Agenda item no. 1 is meant for discussion only. The provisions of Section 340(1)(a) of the Act and the Constitution of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this agenda item is not a business which requires a resolution to be put to vote by shareholders.

### 2. **Resolution 3 - Payment of Directors' fees and benefits**

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of fees and benefits for the period commencing 29 November 2023 up till the next AGM of the Company in 2024. The benefits comprise of meeting allowances payable to directors.

### 3. **Resolution 5 - Authority to Issue and Allot Shares Pursuant to Section 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights under Section 85 of the Companies Act 2016**

Pursuant to Section 75 and Section 76 of the Act, the Proposed Resolution 5, if passed, will give the Directors of the Company from the date of the above meeting, authority to issue and allot ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company provided that the aggregate of number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Act shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Article 49 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Act and Article 49 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Act, which will result in a dilution to their shareholding percentage in the Company.

The Company is seeking the approval from shareholders on the renewal of the above mandate for the purpose of possible fund-raising exercise including but not limited to further placement of shares for working capital requirements. The Company did not exercise the mandate given by the shareholders at the 18th AGM held on 21 November 2022.

### 4. **Resolution 6 - Proposed Renewal of Authority for Share Buy-Back**

The Proposed Resolution 6, if passed, will empower the Company to purchase up to 10% of its total number of issued shares by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Share Buy-Back is set out in the Statement to Shareholders dated 27 October 2023, which can be downloaded from [www.rexit.com](http://www.rexit.com).

**REXIT BERHAD**  
Registration No. 200401029606 (668114-K)  
(Incorporated in Malaysia)

**FORM OF PROXY**

I / We \_\_\_\_\_ (NRIC No. \_\_\_\_\_)  
(Full name in block letters)

of \_\_\_\_\_

being a member/members of REXIT BERHAD, hereby appoint \_\_\_\_\_  
(Full name in block letters)

(NRIC No. \_\_\_\_\_) of \_\_\_\_\_

or failing him, \_\_\_\_\_ (NRIC No. \_\_\_\_\_)  
(Full name in block letters)

of \_\_\_\_\_

or failing him, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Nineteenth (19th) Annual General Meeting of the Company to be held at Greens 3 (Sports Wing), Club House, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 November 2023 at 9.30 a.m. and at any adjournment thereof, in the manner indicated below:-

Resolutions	For	Against
1. To re-elect Datuk Chung Hon Cheong as Director.		
2. To re-elect Mr. Kuah Hun Liang as Director.		
3. To approve the payment of Directors' fees and benefits from 29 November 2023 until the next Annual General Meeting of the Company.		
4. To re-appoint Messrs. Ecovis Malaysia PLT as Auditors of the Company and authorise the Directors to determine their remuneration.		
5. To approve the authority to issue shares pursuant to Section 75 and Section 76 of the Company Act 2016 and Waiver of Pre-Emptive Rights under Section 85 of the Company Act 2016.		
6. To renew authority to purchase its own shares by the Company.		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

<p>If appointment of proxy is under hand</p> <p>_____ Signed by *individual member/*officer or attorney of member/*authorised nominee of _____ (beneficial owner)</p>	<p>No. of Shares held : _____</p> <p>Securities Account No : _____ (CDS Account No.) (Compulsory)</p> <p>Date : _____</p>	<p>The proportions of my/our holding to be represented by my/our proxies are as follows:-</p> <p><b>First Proxy</b></p> <p>No. of Shares : _____</p> <p>Percentage : _____%</p>
<p>If appointment of proxy is under seal</p> <p>The Common Seal of _____ was hereto affixed in accordance with its Articles of Association in the presence of :- _____ Director                      Director/Secretary in its capacity as *member/*attorney of member/*authorised nominee of _____ (beneficial owner)</p>	<p><b>Seal</b></p> <p>No. of Shares held : _____</p> <p>Securities Account No : _____ (CDS Account No.) (Compulsory)</p> <p>Date : _____</p>	<p><b>Second Proxy</b></p> <p>No. of Shares : _____</p> <p>Percentage : _____%</p>

Notes:-

- (i) Only members whose names appear in the Record of Depositors as at 21 November 2023 will be entitled to attend and vote at the Meeting.
- (ii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (iii) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- (v) The instrument appointing a proxy shall be deposited at the Share Registrar of the Company at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- (vi) Pursuant to Rule 8.31A(1) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.

\* Please strike out whichever inapplicable.

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Stamp

**The Share Registrar**

**REXIT BERHAD**

REGISTRATION NO.: 200401029606 (668114-K)

LOT 10, THE HIGHWAY CENTRE

JALAN 51/205

46050 PETALING JAYA

SELANGOR DARUL EHSAN

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# REXIT BERHAD

200401029606 (668114-K)

[www.rexit.com](http://www.rexit.com)

**Subsidiary Companies :**

**REXIT SOFTWARE SDN BHD** 

**REXIT SOLUTIONS SDN BHD**

**REXIT (M) SDN BHD**

**REXIT SOFTWARE (GUANGZHOU ) CO LTD**

**REXIT INTERNATIONAL SDN BHD** 

**REWARD-LINK.COM SDN BHD**