REXIT

REXIT BERHAD 200401029606 (668114-K)

ANNUAL REPORT 2021

REXIT
REXIT BERHAD 200401029606 (668114-K)

e-Cover
Your Online Insurance Portal

CONTENTS

BOARD OF DIRECTORS

Datuk Ng Kam Chiu
Chairman / 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

AUDIT AND RISK MANAGEMENT COMMITTEE

Chan Chee Yuan
Chairman / Independent Non-Executive Director

Datuk Ng Kam Chiu
Member / Independent Non-Executive Director

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

REMUNERATION COMMITTEE

Datuk Ng Kam Chiu
Chairman / Independent Non-Executive Director

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

Datuk Chung Hon Cheong
Member / Executive Director

NOMINATING COMMITTEE

Datuk Ng Kam Chiu
Chairman / Independent Non-Executive Director

Chan Chee Yuan
Member / Independent Non-Executive Director

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

COMPANY SECRETARIES

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

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

Jane Ong Su Ping (MAICSA 7059946)
(PC No. 202008002275)

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

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Menara 3A, KL Eco City
No. 3, Jalan Bangsar
59200 Kuala Lumpur
Tel: 03-2280 6388 Fax: 03-2280 6399

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

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 customers 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.

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 services sector. 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 from various devices. 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 customer 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 International Sdn Bhd was formed to develop and market Rexit's solutions and services internationally. It is well placed to reinforce our presence through our existing customers in Singapore and Hong Kong, China. 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, China 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 customers, 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.

e-Cover

e-Cover

Enabling online insurance transactions

e-PPA

Enabling online unit trust investments through EPF

InfoGuardian

Enabling online legal documentation

CORPORATE STRUCTURE

REXIT BERHAD

100 %
Rexit Software Sdn Bhd

100 %
Rexit Software (Guangzhou) Co Ltd

100 %
Rexit International Sdn Bhd

100 %
Rexit Solutions Sdn Bhd

100 %
Rexit (M) Sdn Bhd

100 %
Reward-Link.com Sdn Bhd

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

DATUK NG KAM CHIU
75 years of age, Malaysian, Male
Chairman / 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 Masters 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 the Member of the Audit & Risk Management Committee. He attended all the four (4) Board meetings held in the financial year ended 30 June 2021.

DATO' ABDUL MURAD BIN KHALID
67 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 Malaysian Institute of Certified Public Accountants. He started his career with Bank Negara in 1976 as an Administrative Officer and 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.

Datuk Abdul Murad is a Member of the Audit & Risk Management Committee, Remuneration Committee and Nominating Committee. He attended all the four (4) Board meetings held in the financial year ended 30 June 2021.

KUAH HUN LIANG 60 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' experience in the financial markets. He started his banking career in 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 MPHB Capital Berhad and Multi-Purpose Capital Holdings Berhad.

He attended all the four (4) Board meetings held in the financial year ended 30 June 2021.

DATUK CHUNG HON CHEONG 60 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 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 and a Member of the Remuneration Committee. He attended all the four (4) Board meetings held in the financial year ended 30 June 2021.

SI THO YOKE MENG 60 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, which he contributed vastly in 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 ETSC Dotcom Sdn Bhd (now known as 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 which was tested in collaboration with University Sains Malaysia with commendable results. In 2002, he was appointed the Executive Director of Rexit Solutions and subsequently acquired Rexit Solutions through Rexit Venture in 2003. His vision and leadership is essential in establishing and managing the Rexit Group.

Mr. Si Tho is a Member of the Options Committee. He attended all the four (4) Board meetings held in the financial year ended 30 June 2021.

CHAN CHEE YUAN 54 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 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 & Risk Management Committee and a Member of the Nominating Committee. He attended all the four (4) Board meetings held after his date of appointment in the financial year ended 30 June 2021.

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.
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 59 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, external auditor with Deloittes 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. 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 52 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 Malaysia Berhad (“AGI”) (formerly known as Malaysia British Assurance Berhad) 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 25 years of working experience in the IT industry. With his wide and intimate knowledge, he has contributed significantly to Rexit Group’s growth.

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. 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, I HEREBY PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE GROUP AND COMPANY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 ("FY2021").

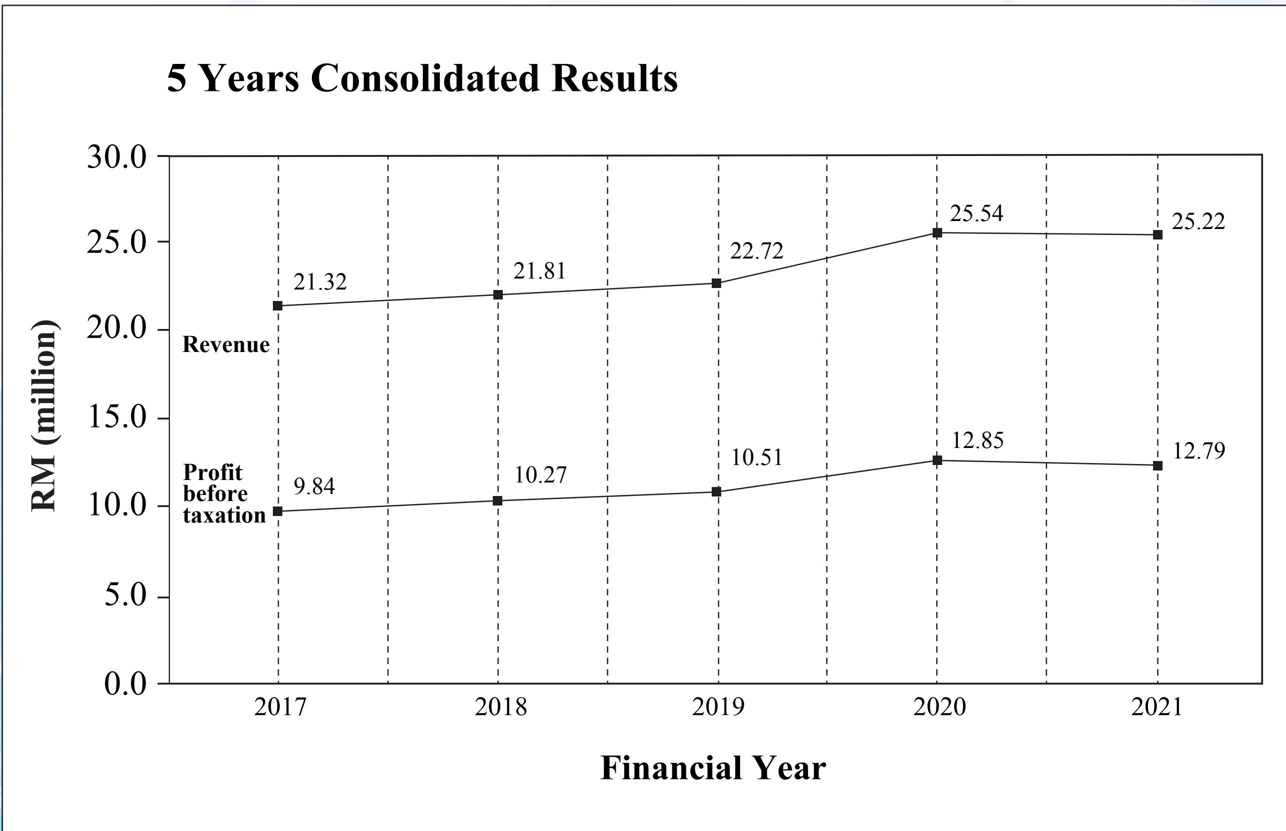
Datuk Ng Kam Chiu
Chairman

Dear Valued Shareholders of Rexit Berhad ("Rexit"),

It is a great pleasure to report to our shareholders that Rexit's performance for FY2021 was satisfactory. This was achieved in a very challenging work environment with the imposition of regulatory restrictions in movement, border closures and strict compliance to standard operating procedures ("SOP") at workplace throughout FY2021. I would like to record our appreciation to the management and staff for navigating Rexit through these difficult and challenging times to achieve this set of positive results.

For FY2021, Rexit's revenue was recorded at RM25.22 million, a decrease by 1.25% compared to RM25.54 million in the previous year. This decrease was mainly attributed to the decrease in software customization services as our personnel have to abide by the movement control orders. Profit before tax was recorded at RM12.79 million compared to RM12.85 million in the last financial year. Profit after tax was recorded at RM9.89 million, it is a 3.89% improvement compared to RM9.52 million achieved the previous year. This increase is attributed to lower tax payable arising from the claim for capital allowance on our new data center assets.

The details of the performance of Rexit in FY2021 is presented under the Management Discussion and Analysis section. The 5 Years Consolidated Results Chart from 2017 to 2021 showing the revenue and profit before taxation is presented below:



In FY2021, the Covid-19 pandemic continues to weigh heavily on the global and our domestic economy. The prolonged nationwide lockdown and reimposition of very strict containment measures under the Full Movement Control Order have had a negative impact on the nation's economy. Bank Negara has revised downwards Malaysia's 2021 gross domestic product growth forecast to between 3% to 4%. We take cognizance of the Government's planned Covid-19 treatment shift from the pandemic to endemic stage. This endemic stage adoption necessitates Rexit to take all the necessary preventive measures to safe guard the health of our valuable human resources and customers in office, at home and in the conduct of business.

Rexit takes note that our operating environment will continue to remain very challenging for some period of time. And that the use of digital channels to conduct e-commerce transactions 24x7, and from anywhere with internet connection is going to be the way of doing business for a long time. Moving forward to prepare for the future we recognize the need to strengthen Rexit's competitive edge in the provision of secure, dependable, trustworthy, reliable service and more importantly service availability 24x7 to our clients and have taken action to upgrade our assets and migrate to a Tier 3 data center at TM One, Brickfields.

The operating environment, whether in the pandemic or endemic stages will remain very challenging. The phased reopening of the economy under the endemic stage will probably unleash a host of uncertainties, drawing from the experiences of other countries. We have to diligently monitor the business environment and take necessary proactive measures to identified potential threats that will have a negative impact on Rexit. Any occurrence of unanticipated and unwelcomed incidents would certainly weigh on Rexit's bottom line. Barring unforeseen circumstances, we sincerely hope to produce a set of positive results for the next financial year.

To all shareholders, thank you for your kind support and confidence in us. Our deep appreciation to all our business partners and customers for your kind support, confidence and trust in our capabilities to deliver quality services. Thank you to the Directors of the Board for your invaluable guidance. A great thank you to the management and staff for keeping safe and healthy and for your dedicated and excellent services for FY2021.

Datuk Ng Kam Chiu
Chairman BOD

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 insurance solutions is used by Insurers in Malaysia, Singapore and Hong Kong, China. 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 ("FIMM") 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 customers. The current challenging economic situation that brings about businesses to look at new ways to further improve their operational efficiency has created opportunities for Rexit to engage our customers for the implementation of additional products and services.

The successful adoption of the e-Cover system in Singapore and Hong Kong, China 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 customers in Malaysia to cater for the progressive liberalization of the motor tariff.

Rexit has also 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

The Group recorded a revenue of RM25.22 million for FY2021, a decrease of 1.25% as compared to RM25.54 recorded for FY2020. This decrease is mainly attributed to the decrease in software customization services.

Gross Profit and Gross Profit Margin

Gross profit was RM18.32 million or 72.64% of revenue for FY2021 compared to RM18.61 million or 72.87% in FY2020. The lower gross profit was due to the decrease in software customization services.

Administrative Expenses

Administrative expenses for FY2021 decreased by 1.50% mainly attributable to lower operating expenses.

Profit After Tax

The Group posted a Profit after tax (PAT) of RM9.89 million for FY2021, an improvement of RM0.37 million or 3.89% over RM9.52 million PAT in FY2020 mainly attributable to lower tax payable arising from the claim for capital allowance from the acquisition of data centre assets.

Liquidity and Financial Resources

The Group's Shareholders' Equity stood at RM44.65 million in FY2021 compared to RM40.70 million in FY2020 due to higher retained profits.

The Group's financial position strengthened with Cash and cash equivalents increasing to RM20.69 million in FY2021 from RM14.29 million in FY2020.

Dividends

The Board of Directors had declared the payment of a single tier interim dividend of 40% per ordinary share amounting to RM6.97 million, paid on 21 December 2020 in respect of FY2021. Based on the Group's net profit of RM9.89 million in FY2021, the dividend payout ratio is 70.48%.

Capital Expenditure Requirements, Capital Structure and Resources

To enhance our competitive edge in providing better reliability, higher availability and quicker processing speed in our services to our clients, total investments of RM 1.8 million were made during the current financial year to upgrade our equipment and migrate to a more secure Tier 3 certified data centre at TM One, Brickfields. The said investments were from our internally generated funds.

Anticipated or Known Risks

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 provide disaster recovery for its data and source codes through back-up media and offsite disaster recovery center, upgrading its antivirus protection reinforcing its firewall on a frequent basis. The Group has not experienced any major system disruptions in the past years and will continue to access the effectiveness of its preventive measures.

Forward Looking Statements

Moving forward, Rexit will continue to remain focused on growing and enhancing its business offerings in 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 annual dividends consistently since the financial year ended 30 June 2006. FY2021 is no exception and 4.0 sen per ordinary share was paid.

We expect the outlook of the Group for FY2022 to be challenging caused by the domestic and global uncertainties as a result of the COVID-19 pandemic.

Since our commencement of business followed by our listing in November 2005, Rexit Berhad has been posting a steady stream of profit yearly which is attributed to the innovation and continued development of new products to meet the IT requirements of clients and technology users to keep the business sustainable over the long run.

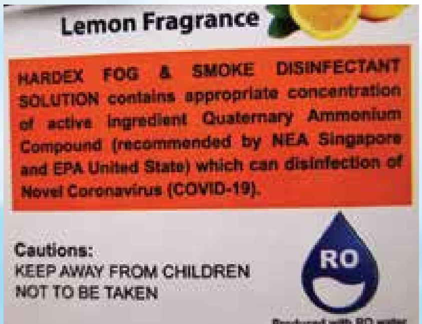
Social

Rexit believes our employees are key assets in our success and growth. We have in place policies and programs to provide a safe and healthy environment for our employees. Among the efforts made in 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. The personal safety of each staff within the office is assured as entry into the office and each floor is secured by a door access system that prevents unauthorized entry.

In the various phases of the COVID-19 movement control, Rexit's premises were allowed to operate under the essential services' guidelines set by the Ministry of International Trade and Industry. However as a precautionary measure to keep our staff safe, the majority of them were organised and arranged to work from home. The health and well-being of our staff has always been the organization's priority and concern.

For the essential staff that need to be in the office, they are to follow strict SOPs. Other than scanning the MySejahtera application, scanning their forehead temperature and sanitising their hands, they are to wear face mask provided whenever in the office.

The office premise is also sanitized from time to time to provide a safer environment.



Economic

Rexit principally provides software applications to the General Insurance industries and our web-based applications provide an on-line system for our clients and their intermediaries which has made service delivery accessible anytime and anywhere so long as there is Internet access.

Being a provider of solution to the financial industry, we were categorized under the essential services and were allowed to operate in support of our clients' operations throughout the various phases of MCO, CMCO, RMCO, EMCO and National Recovery Plan. Even with the leeway provided to our organization, task and job functions were identified and the majority of the staff were arranged to work from home whereby they were able to satisfactorily manage our operations in support of our clients and business.

Despite the disruption to business in general due to the COVID-19 pandemic, Rexit recognises the importance of ensuring sustainability in its business and during the current financial period invested in acquiring new equipment to upgrade our assets and migrate to a Tier 3 data center at TM One, Brickfields. This upgrade gives the needed quality assurance to our clients inclusive of potential clients of excellent service with 99.50% uptime which will strengthen Rexit's competitive edge in the provision of secure, dependable, trustworthy, reliable service and more importantly service availability 24x7 to our clients.

Rexit has also upgraded some assets at our Disaster Recover Centre (DRC) in a separate location in Cyberjaya which will ensure 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. In addition, Rexit has an agreement with a company whereby we could move other essential operations to in the event the main office becomes inoperable.

Rexit's proprietary source codes for each application are backed up at each stage of the development which are then saved and stored offsite to ensure availability and business continuity.

Environmental

Rexit will continuously review our carbon footprint in all aspects of our operations. Efforts are made to reduce the degradation to our environment whenever required by making investments in acquiring newer equipment (eg. servers, communication equipment, computers, etc.) to replace older ones to improve efficiency. During the current financial year, we have upgraded our assets and migrated our production data centre to a Tier 3 data centre at TM One, Brickfields which comes with a Green Building Index certification and an intelligent power meter to manage power consumption to ensure that the facility is environment friendly.

New LED lightings are being installed to replace the older types and we encourage our employees to utilize tele-conferencing, emails, instant messaging for communication purposes and store soft copies of documents instead of hard copies thus reducing the carbon footprints.

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 2021.

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.

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 & 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 Chairman is an Independent Non-Executive Director. 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 does not have a formal Whistle Blowing Policy in place. However, the Group encourages 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.

Employees and stakeholders are encouraged to submit their reports and concerns to the Company via the Company's website at www.rexit.com. The reports will be attended to by the Board or the Senior Management, as the case may be.

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.

Composition of the Board

The Board currently has six members comprising two (2) Executive Directors, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The Chairman of the Board is an Independent Non-Executive Director. The current composition of the Board is in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("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 four 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. Where the Board is of the view that the Independent Non-Executive Director can continue beyond the twelve (12) years tenure, it must justify and seek shareholders' approval at general meeting annually through a two (2)-tier voting process.

The Company does not have term limits for the Independent Non-Executive Directors as the Board believes that experience with the Company's business operations brings benefits to the Board and the long serving Independent Directors possess knowledge of the Company's affairs.

The NC (save for the interested director) has assessed the independence of Datuk Ng Kam Chiu, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and upon its recommendation, the Board has recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

(i) He fulfills the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements of Bursa Securities, and thus, he would be able to function as a check and balance, and bring an element of objectivity to the Board;

(ii) His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group;

(iii) He has been with the Company for more than 12 years and is familiar with the Company's business operations; and

(iv) He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

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.

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 - Independent Non-Executive Director
Chan Chee Yuan	Member – Independent Non-Executive Director
Dato' Abdul Murad Bin Khalid	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 17th AGM of the Company. Being eligible, they have offered themselves for re-election:-

(a) Mr. Si Tho Yoke Meng
(b) Mr. Chan Chee Yuan

The NC has assessed the performances of all the above Directors due for re-election and has made recommendation to the Board for their re-election to be tabled for shareholders' approval at the forthcoming 17th 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 2021 is as follows:-

Director	Board Meeting	ARMC Meeting	NC Meeting	RC Meeting
Datuk Ng Kam Chiu	4/4	4/4	1/1	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	1/1	1/1
Kuah Hun Liang	4/4	-	-	-
Chan Chee Yuan	4/4	4/4	1/1	-

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 2021, 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	1. Road to Recovery to a New Normal 2. Delivering Business Resilience in Transformative Times
Datuk Chung Hon Cheong	Delivering Business Resilience in Transformative Times
Si Tho Yoke Meng	Delivering Business Resilience in Transformative Times
Dato' Abdul Murad Bin Khalid	Delivering Business Resilience in Transformative Times
Kuah Hun Liang	Delivering Business Resilience in Transformative Times
Chan Chee Yuan	Delivering Business Resilience in Transformative Times

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. 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 - Independent Non-Executive Director
Dato' Abdul Murad Bin Khalid	Member - Non-Independent Non-Executive Director
Datuk Chung Hon Cheong	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 2021 is as follows:-

Company

Executive Directors	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits [1] (RM)	Total (RM)
Datuk Chung Hon Cheong	0	0	0	1,000	1,000
Si Tho Yoke Meng	0	0	0	1,000	1,000

Non-Executive Directors	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits [1] (RM)	Total (RM)
Datuk Ng Kam Chiu	0	0	48,000	1,000	49,000
Dato' Abdul Murad Bin Khalid	0	0	24,000	1,000	25,000
Kuah Hun Liang	0	0	24,000	1,000	25,000
Chan Chee Yuan	0	0	24,000	1,000	25,000

[1] *Other benefits include meeting allowance.*

Group

Executive Directors	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits [1] (RM)	Total (RM)
Datuk Chung Hon Cheong	788,973	187,915	0	47,467	1,024,355
Si Tho Yoke Meng	535,072	129,150	0	39,415	703,637

Non-Executive Directors	Salaries (RM)	Bonus (RM)	Fees (RM)	Other Benefits [1] (RM)	Total (RM)
Datuk Ng Kam Chiu	0	0	48,000	1,000	49,000
Dato' Abdul Murad Bin Khalid	0	0	24,000	1,000	25,000
Kuah Hun Liang	0	0	24,000	1,000	25,000
Chan Chee Yuan	0	0	24,000	1,000	25,000

[1] *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 (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 2021 is as follows:-

Range of Remuneration	Number of Senior Management Staff
RM150,001 - RM200,000	1
RM200,001 - RM250,000	1
RM250,001 - RM300,000	1
RM300,001 - RM350,000	2

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, both of whom are Independent Non-Executive Directors. 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 or the Chief Financial Officer, Ms. Chan Shih Fei, at 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 17th 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 13 October 2021.

STATEMENT ON DIRECTORS' RESPONSIBILITY

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 13 October 2021.

1. **Utilisation of Proceeds**

   There were no proceeds raised from any corporate proposals during the financial year ended 30 June 2021.

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

   During the financial year ended 30 June 2021, the amount of audit fees paid to the external auditors on the Company and Group basis were RM35,000 and RM118,179 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 2021.

3. **Material Contracts**

   There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 30 June 2021 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 2021.

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Listing Requirements of the Bursa Securities for the ACE Market, the Board of Directors of listed companies are required to include in their annual report a statement about the state of risk management and internal control of the listed entity as a Group.

The Board asserts the importance and need of having in place a sound risk management and internal control system to manage risk and safeguard shareholders' investment and company's assets.

RESPONSIBILITIES

The Board affirms its overall responsibility for the Group's systems of internal control and systems of compliance with applicable law, regulations, rules, directives and guidelines which covers financial, organizational, operational and compliance control which are being reviewed from time to time.

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 material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board resolves that 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 under review 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.

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 results 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 operating within its Terms of Reference and ensuring 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 on the Board, regularly reviews and holds discussions with Management on the actions taken on internal risk management and control issues identified in 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 Company'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) consisting of a team comprising of the heads from various departments and / or projects whom with their intimate knowledge on the operations of their respective area of responsibility meets to identify, evaluate, decide on preventive or mitigating measures, take action, monitor and review the risk that impacts or may impact the organization.

The Risk Management Steering Committee (RMSC) team also prepares the Risk Management Framework Annual Plan which are presented each year to the Audit & Risk Management Committee (ARMC) 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 Risk Management Steering Committee (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 (ARMC).

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 period ended 30 June 2021.

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 and/or reported shortfall 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:-

Members	Designation
Chan Chee Yuan	Chairman - Independent Non-Executive Director
Datuk Ng Kam Chiu	Member - Independent Non-Executive Director
Dato' Abdul Murad Bin Khalid	Member - Non-Independent Non-Executive Director

During the financial year 2021, 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.

MEETING ATTENDANCE

During the financial year ended 30 June 2021, a total of four (4) meetings were held and the details of attendance are set out below:-

Members	Attendance
Chan Chee Yuan	4/4
Datuk Ng Kam Chiu	4/4
Dato' Abdul Murad Bin Khalid	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 2021 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 2021;
- 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 2021 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 2021 amounted to RM111,877.

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REXIT

REXIT BERHAD 200401029606 (668114-K)

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FINANCIAL STATEMENTS

Year Ended 30 June 2021

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 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding whilst those of its subsidiaries are disclosed in Note 7 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	9,894,575	6,749,225

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 declared an interim single-tier dividend of 4 sen per ordinary share totaling RM6,970,473 in respect of the financial year ended 30 June 2021 which was paid on 21 December 2020.

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

DIRECTORS

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

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 nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of fees and emoluments received or due and receivable by the Directors from the Company and its related corporations, or the fixed salary of a full time employee of the Company or of related corporations as disclosed in Note 24.3 to the financial statements) 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 certain companies in the Group and the Company in the ordinary course of business as disclosed in Note 24.2 to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, being 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' INTEREST IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, 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:

	Number of ordinary shares			
Interest in the Company	As at 1.7.2020	Bought	Sold	As at 30.6.2021
Direct interest:				
Chan Chee Yuan	100,000	-	(100,000)	-
Datuk Ng Kam Chiu	268,000	-	-	268,000
Datuk Chung Hon Cheong	223,334	-	-	223,334
Kuah Hun Liang	18,082,300	-	-	18,082,300
Indirect interest:				
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

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.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 24.3 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year:

(i) there were no changes in the issued and paid-up share capital of the Company; and

(ii) there were no issues of 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 16th Annual General Meeting held on 29 December 2020. 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.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 30 June 2021, the Company held as treasury shares a total of 15,071,500 of its 189,333,333 issued ordinary shares. Such treasury shares are held at a carrying amount of RM7,353,800. Further details are disclosed in Note 14 to the financial statements.

SHARE OPTION SCHEME

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

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.

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 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.

OTHER STATUTORY INFORMATION (Cont'd)

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.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The detail of significant event during the financial year is disclosed in Note 28 to the financial statement.

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 Companies Act 2016 ("the Act"). The amount of insurance premium payable for the financial year is RM3,800. 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.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 19 to the financial statements.

AUDITORS

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

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

....	....
Datuk Chung Hon Cheong	**Si Tho Yoke Meng**
Director	Director

Kuala Lumpur
13 October 2021

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 93 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 2021 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	**Si Tho Yoke Meng**
Director	Director

Kuala Lumpur
13 October 2021

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 93 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 13 October 2021)

....
Chan Shih Fei

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF REXIT BERHAD

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 2021 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 93.

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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (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
Revenue recognition Total Group revenue recognised for the year ended 30 June 2021 was RM 25,223,012 (2020: RM25,542,231). 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. This judgement could materially affect the timing and quantum of revenue and profit recognised in each period. 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.	In response to this key audit matter, we performed the following procedures: (a) Evaluated the design and implementation of controls regarding revenue recognition. (b) Reviewed samples of new and ongoing contracts to test the completeness of relevant contractual terms. (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. (d) Considered the evidence available for standalone selling prices by reference to day rates offered to other customers for similar professional services. (e) We have reviewed samples of contract assets and contract liabilities and evaluated the impact on the financial statements. (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.

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF REXIT BERHAD (Cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements (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 7 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
02696/09/2023 J
Chartered Accountant

Kuala Lumpur
13 October 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current assets					
Property, plant and equipment	5	5,688,233	4,551,377	-	-
Intangible assets	6	336,250	338,302	-	-
Investment in subsidiaries	7	-	-	13,841,000	13,841,000
Other investments	8	13,703,237	17,937,354	-	-
Deferred tax assets	9	431,212	431,212	-	-
		20,158,932	23,258,245	13,841,000	13,841,000
Current assets					
Trade receivables	10	1,371,345	6,204,306	-	-
Contract assets	11	107,877	113,510	-	-
Other receivables, deposits and prepayments	12	478,787	803,918	-	-
Tax recoverable		1,060,545	457,648	4,882	6,433
Other investments	8	5,271,429	-	-	-
Investment in cash funds	13	12,626,361	2,300,843	1,644,911	1,800,684
Fixed deposits with licensed banks		-	6,822,071	-	-
Cash and bank balances		8,067,119	5,165,642	52,891	111,815
		28,983,463	21,867,938	1,702,684	1,918,932
TOTAL ASSETS		49,142,395	45,126,183	15,543,684	15,759,932
EQUITY					
Share capital	14	18,933,333	18,933,333	18,933,333	18,933,333
Treasury shares	14	(7,353,800)	(7,353,800)	(7,353,800)	(7,353,800)
Reserves	15	33,067,748	29,119,613	3,928,732	4,149,980
Total equity		44,647,281	40,699,146	15,508,265	15,729,513
Non-current liability					
Deferred tax liabilities	9	25,627	41,951	-	-
Current liabilities					
Trade payables	16	16,340	17,356	-	-
Other payables and accruals	17	1,739,040	1,746,979	35,419	30,419
Contract liabilities	11	2,662,457	2,524,884	-	-
Tax payable		51,650	95,867	-	-
		4,469,487	4,385,086	35,419	30,419
Total liabilities		4,495,114	4,427,037	35,419	30,419
TOTAL EQUITY AND LIABILITIES		49,142,395	45,126,183	15,543,684	15,759,932

The notes on pages 46 to 93 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 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	18	25,223,012	25,542,231	7,037,638	5,062,444
Cost of sales		(6,900,224)	(6,933,966)	-	-
Gross profit		18,322,788	18,608,265	7,037,638	5,062,444
Other income		350,672	227,589	6,590	8,344
Administrative expenses		(5,887,156)	(5,984,135)	(294,418)	(287,929)
Profit before tax	19	12,786,304	12,851,719	6,749,810	4,782,859
Tax expenses	20	(2,891,729)	(3,336,068)	(585)	-
Profit for the financial year		9,894,575	9,515,651	6,749,225	4,782,859
Other comprehensive loss					
- Net change in fair value of other investments designated at fair value through other comprehensive income		1,037,311	(11,004)	-	-
- Exchange differences on translation of foreign operations		(13,278)	(8,039)	-	-
Total comprehensive income for the financial year		10,918,608	9,496,608	6,749,225	4,782,859
Profit attributable to Owners of the Company		9,894,575	9,515,651	6,749,225	4,782,859
Total comprehensive income attributable to Owners of the Company		10,918,608	9,496,608	6,749,225	4,782,859
Basic earnings per ordinary share (sen)	21	6	5		

The notes on pages 46 to 93 form an integral part of these financial statements
Auditors' report on pages 42 to 45

Group	Note	Share capital RM	Exchange translation reserve RM	Fair value reserve RM	Treasury shares RM	Retained earnings RM	Total RM
		← Non-distributable		→	← Distributable →		
		← Attributable to owners of the Company					→
At 1 July 2019		18,933,333	(181,395)	-	(6,488,072)	25,084,389	37,348,255
Total comprehensive income for the year		-	(8,039)	(11,004)	-	9,515,651	9,496,608
Transaction with owners:							
Shares repurchased	14	-	-	-	(865,728)	-	(865,728)
Dividend	23	-	-	-	-	(5,279,989)	(5,279,989)
Total transactions with owners		-	-	-	(865,728)	(5,279,989)	(6,145,717)
At 30 June 2020/1 July 2020		18,933,333	(189,434)	(11,004)	(7,353,800)	29,320,051	40,699,146
Total comprehensive income for the year		-	(13,278)	1,037,311	-	9,894,575	10,918,608
Dividend	23	-	-	-	-	(6,970,473)	(6,970,473)
At 30 June 2021		18,933,333	(202,712)	1,026,307	(7,353,800)	32,244,153	44,647,281

The notes on pages 46 to 93 form an integral part of these financial statements
Auditors' report on pages 42 to 45

		Attributable to owners of the Company	Distributable		
Company	Note	Share capital RM	Treasury reserve RM	Retained earnings RM	Total RM
At 1 July 2019		18,933,333	(6,488,072)	4,647,110	17,092,371
Total comprehensive income for the year		-	-	4,782,859	4,782,859
Transaction with owners:					
Shares repurchased	14	-	(865,728)	-	(865,728)
Dividend	23	-	-	(5,279,989)	(5,279,989)
Total transactions with owners		-	(865,728)	(5,279,989)	(6,145,717)
At 30 June 2020/1 July 2020		18,933,333	(7,353,800)	4,149,980	15,729,513
Total comprehensive income for the year		-	-	6,749,225	6,749,225
Dividend	23	-	-	(6,970,473)	(6,970,473)
At 30 June 2021		18,933,333	(7,353,800)	3,928,732	15,508,265

The notes on pages 46 to 93 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 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	12,786,304	12,851,719	6,749,810	4,782,859
Adjustments for:				
Amortisation of intangible assets	2,052	9,158	-	-
Depreciation of property, plant and equipment	923,560	793,250	-	-
Distribution income from investment in cash funds	(200,046)	(432,362)	(37,637)	(60,201)
Dividend income from:				
- other investments	(227,296)	(63,216)	-	-
- a subsidiary	-	-	(7,000,000)	(5,000,000)
Fair value gain on investment in cash funds	(28,234)	(51,139)	(6,590)	(8,344)
Income from other investments	(375,000)	-	-	-
Interest income	(1,007)	(50,494)	(1)	(2,243)
Unrealised loss on foreign exchange	114,938	41,978	-	-
Operating profit/(loss) before working capital changes	12,995,271	13,098,894	(294,418)	(287,929)
Changes in working capital:				
Movement in receivables	5,160,362	(896,188)	-	-
Movement in payables	(11,954)	(157,581)	5,000	14,582
Cash flow generated from/(used in) operation	18,143,679	12,045,125	(289,418)	(273,347)
Interest received	1,007	50,494	1	2,243
Tax paid	(3,815,003)	(3,660,381)	(2,689)	(3,149)
Tax refunded	400,260	293,699	3,655	4,300
Net cash generated from/(used in) operating activities	14,729,943	8,728,937	(288,451)	(269,953)

The notes on pages 46 to 93 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 2021 (Cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of other investments	-	(17,932,000)	-	-
Distribution income received from investment in cash funds	200,046	432,362	37,637	60,201
Dividend received from:				
- other investments	227,296	63,216	-	-
- a subsidiary	-	-	7,000,000	5,000,000
Income received from other investments	375,000	-	-	-
Net change in other investment	-	28,641	-	-
Purchase of property, plant and equipment	(2,059,593)	(326,499)	-	-
Net cash (used in)/generated from investing activities	(1,257,251)	(17,734,280)	7,037,637	5,060,201
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(6,970,473)	(5,279,989)	(6,970,473)	(5,279,989)
Shares repurchased	-	(865,728)	-	(865,728)
Net cash used in financing activities	(6,970,473)	(6,145,717)	(6,970,473)	(6,145,717)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,502,219	(15,151,060)	(221,287)	(1,355,469)
NET FAIR VALUE GAIN ON INVESTMENT IN CASH FUNDS	28,234	51,139	6,590	8,344
CURRENCY TRANSLATION DIFFERENCE	(125,529)	(59,537)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	14,288,556	29,448,014	1,912,499	3,259,624
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 22)	20,693,480	14,288,556	1,697,802	1,912,499

The notes on pages 46 to 93 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 has changed from Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur to B03-B-13-1, Level 13, Menara 3A, KL Eco City, No. 3, Jalan Bangsar, 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 7 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 13 October 2021.

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 Adoption of MFRS, amendments to MFRS and IC Interpretations during the current financial year

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following MFRS, amendments to MFRS and IC interpretations:

(i) Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, ‘Business Combinations’ – Definition of a Business
- Amendments to MFRS 9, ‘Financial Instruments’, MFRS 139 ‘Financial Instruments: Recognition and Measurement’ and MFRS 7, ‘Financial Instruments: Disclosures’ – Interest Rate Benchmark Reform
- Amendments to MFRS 101, ‘Presentation of Financial Statements’ and MFRS 108, ‘Accounting Policies, Changes in Accounting Estimates and Errors’ – Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

(ii) Effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, 'Leases' – Covid-19-Related Rent Concessions

2. BASIS OF PREPARATION (Cont'd)

2.1 Adoption of MFRS, amendments to MFRS and IC Interpretations during the current financial year (Cont'd)

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following MFRS, amendments to MFRS and IC interpretations: (Cont'd)

(iii) Effective immediately from 17 August 2020

- Amendments to MFRS 4, 'Insurance Contracts' – Extension of the Temporary Exemption from Applying MFRS 9

The adoption of MFRS, amendments to MFRS and IC Interpretations did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or the position of the Group and of the Company for the current financial year.

2.2 MFRS, amendments to MFRS and IC Interpretations that have been issued, but not yet adopted

The following are MFRS, amendments to MFRS and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

(i) Effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, 'Financial Instruments', MFRS 139 'Financial Instruments: Recognition and Measurement', MFRS 7, 'Financial Instruments, MFRS 4, 'Insurance Contracts' and MFRS 16, 'Leases' – Interest Rate Benchmark Reform (Phase 2)

(ii) Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards' – Subsidiary as a First-time Adopter
- Amendments to MFRS 3, 'Business Combinations' – Reference to the Conceptual Framework
- Amendments to MFRS 9, 'Financial Instruments' – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- 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
- Amendments to MFRS 141, 'Agriculture' – Taxation in Fair Value Measurements

(iii) Effective for annual periods beginning on or after 1 January 2023

- MFRS 17, 'Insurance Contracts' and Amendments to MFRS 17, 'Insurance Contracts
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current
- 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

(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

2. BASIS OF PREPARATION (Cont'd)

2.2 MFRS, amendments to MFRS and IC Interpretations that have been issued, but not yet adopted (Cont'd)

The Group and the Company plan to apply the abovementioned MFRS, amendments to MFRS and IC Interpretations from the beginning of the financial year where they become effective, or earlier.

The Group and the Company do not plan to adopt MFRS 17, 'Insurance Contracts' that is effective for financial year beginning 1 January 2023 as the standard is not applicable to the Group and the Company.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Foreign currency (Cont'd)

(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.

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% - 20%
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. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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 live 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 of 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 demonstrates 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Intangible assets (Cont'd)

(b) Research and Development (Cont'd)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Other investments (Cont'd)

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.

3.7 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.

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 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.

3.14 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Revenue recognition (Cont'd)

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

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Revenue recognition (Cont'd)

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

(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.

3.15 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.

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.

3.16 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Income tax (Cont'd)

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.

3.17 Sales and services tax ("SST")

Revenue are recognised net of the amount of SST.

The amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority and is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The amount of SST payable to the taxation authority is included as part of payables in the statements of financial position.

3.18 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.

3.19 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. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.20 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.

3.21 Related parties

A related party is a person or an entity that is related to the Group and the Company under the following conditions:

(i) A person or a close member of that person's family:

- (a) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (b) has control or joint control over the reporting entity; or
- (c) has significant influence over the reporting entity.

(ii) Any one of the following condition applies:

- (a) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
- (c) both entities are joint ventures of a third entity.
- (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- (f) the entity is controlled or jointly controlled by a person identified in (i).
- (g) a person identified in (i)(b) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (h) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(iii) Directly, or indirectly through one or more intermediaries, the party:

- (a) controls, is controlled by, or is under common control with, the Group and the Company (this includes parents, subsidiaries, fellow subsidiaries and fellow associates and joint ventures);
- (b) has an interest in the entity that gives it significant influence over the entity; or
- (c) has joint control over the entity;

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependants of that person or that person's spouse or domestic partner.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 2021 is stated in Note 5 and Note 6, 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 0.47% (2020: 0.42%) variance in the Group's profit for the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(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 7 to the financial statements.

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
Cost								
At 1 July 2020	1,561,386	709,720	818,334	15,628,820	694,142	231,066	849,974	20,493,442
Additions	-	-	-	2,055,693	3,900	-	-	2,059,593
Written off	-	-	-	(2,265)	-	-	-	(2,265)
Translation adjustment	-	-	-	15,687	829	-	4,632	21,148
At 30 June 2021	1,561,386	709,720	818,334	17,697,935	698,871	231,066	854,606	22,571,918
Accumulated depreciation								
At 1 July 2020	-	263,878	403,439	13,585,351	641,738	210,564	837,095	15,942,065
Charge for the financial year	-	14,194	134,554	753,412	11,065	6,042	4,293	923,560
Written off	-	-	-	(2,265)	-	-	-	(2,265)
Translation adjustment	-	-	-	14,902	791	-	4,632	20,325
At 30 June 2021	-	278,072	537,993	14,351,400	653,594	216,606	846,020	16,883,685
Net carrying amounts								
At 30 June 2021	1,561,386	431,648	280,341	3,346,535	45,277	14,460	8,586	5,688,233

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

Group	Freehold land RM	Building RM	Motor vehicles RM	Computers RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Total RM
Cost								
At 1 July 2019	1,561,386	709,720	818,334	15,300,896	694,067	231,066	849,553	20,165,022
Additions	-	-	-	326,499	-	-	-	326,499
Translation adjustment	-	-	-	1,425	75	-	421	1,921
At 30 June 2020	1,561,386	709,720	818,334	15,628,820	694,142	231,066	849,974	20,493,442
Accumulated depreciation								
At 1 July 2019	-	249,684	268,885	12,964,685	630,001	201,334	832,381	15,146,970
Charge for the financial year	-	14,194	134,554	619,311	11,668	9,230	4,293	793,250
Translation adjustment	-	-	-	1,355	69	-	421	1,845
At 30 June 2020	-	263,878	403,439	13,585,351	641,738	210,564	837,095	15,942,065
Net carrying amounts								
At 30 June 2020	1,561,386	445,842	414,895	2,043,469	52,404	20,502	12,879	4,551,377

6. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM	Development expenditure RM	Licences RM	Software RM	Total RM
Cost					
At 1 July 2020/ 30 June 2021	336,250	2,495,728	63,679	101,713	2,997,370
Accumulated amortisation					
At 1 July 2020	-	2,495,728	61,627	101,713	2,659,068
Charge for the financial year	-	-	2,052	-	2,052
At 30 June 2021	-	2,495,728	63,679	101,713	2,661,120
Net carrying amounts					
At 30 June 2021	336,250	-	-	-	336,250
Cost					
At 1 July 2019/ 30 June 2020	336,250	2,495,728	63,679	101,713	2,997,370
Accumulated amortisation					
At 1 July 2019	-	2,495,728	56,708	97,474	2,649,910
Charge for the financial year	-	-	4,919	4,239	9,158
At 30 June 2020	-	2,495,728	61,627	101,713	2,659,068
Net carrying amounts					
At 30 June 2020	336,250	-	2,052	-	338,302

6. 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 6% to 7% per annum over the five years projection period;

(iii) Gross profit margin will be at 81%;

(iv) General and administrative expenses are expected to increase at 3% to 4% per annum taking into account inflatory 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.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
Unquoted equity shares:		
At cost	26,686,724	26,686,724
Less: Accumulated impairment loss	(12,845,724)	(12,845,724)
	13,841,000	13,841,000

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of company	Principal place of business	Effective equity interest 2021 %	2020 %	Principal activities
Direct subsidiaries				
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

8. OTHER INVESTMENT

	Group 2021 RM	Group 2020 RM
Non-current		
- At cost	45,000	45,000
- At fair value through other comprehensive income	13,658,237	17,892,354
	13,703,237	17,937,354
Current		
- At fair value through other comprehensive income	5,271,429	-
	18,974,666	17,937,354

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.

9. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2021 RM	Group 2020 RM
At 1 July	389,261	366,961
Recognised in profit or loss (Note 20)	16,324	22,300
At 30 June	405,585	389,261
Represented by:		
Deferred tax assets	431,212	431,212
Deferred tax liabilities	(25,627)	(41,951)
	405,585	389,261

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):

	Group 2021 RM	Group 2020 RM
Unabsorbed capital allowances and tax losses available for set off against future taxable profits	13,805,539	13,841,420
Unsatisfied performance obligations/Deferred income	209,976	195,732
	14,015,515	14,037,152

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.

With effect from the year of assessment ("YA") 2019, unabsorbed tax losses in a YA can only be carried forward for a maximum period of 7 consecutive YAs. Unabsorbed tax losses for YA 2021 can be set off against income from any business source for 7 YAs and will be disregarded in YA 2029. Unabsorbed tax losses accumulated up to YA 2018 can be utilised for another 7 YAs and will be disregarded in YA 2026.

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.

10. TRADE RECEIVABLES

Trade receivables are interest-free and the normal credit terms granted by the Group ranges from 30 to 60 (2020: 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 26.3 to the financial statements.

11. CONTRACT ASSETS/(LIABILITIES)

		Group	
	Note	2021 RM	2020 RM
At 1 July		2,411,374	2,312,459
Net revenue recognised during the year	18	16,436,915	25,059,375
Net billings during the year		(16,293,709)	(24,960,460)
At 30 June		2,554,580	2,411,374
Represented by:			
Contract assets	(a)	107,877	113,510
Contract liabilities	(b)	(2,662,457)	(2,524,884)

(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.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	2021 RM	2020 RM
Other receivables	44,540	93,251
Deposits	57,607	66,645
Prepayments	376,640	644,022
	478,787	803,918

13. INVESTMENT IN CASH FUNDS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At fair value through profit or loss:				
Investment in cash funds	12,626,361	2,300,843	1,644,911	1,800,684

Investment in cash funds 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.

14. SHARE CAPITAL

	Group and Company 2021		Group and Company 2020	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up:				
1 July/30 June	189,333,333	18,933,333	189,333,333	18,933,333

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.

During the year, the Company repurchased Nil (2020: 1,737,800) of its issued share capital from the open market. The average price paid for the shares repurchased was Nil (2020: RM0.47) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

At the reporting date, the number of outstanding ordinary shares in issue after setting off the treasury shares of 15,071,500 (2020: 15,071,500) against its equity of 189,333,333 is 174,261,833 (2020: 174,261,833).

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

	Group and Company 2021		Group and Company 2020	
	Number of shares	RM	Number of shares	RM
At 1 July	15,071,500	7,353,800	13,333,700	6,488,072
Shares repurchased during the year	-	-	1,737,800	865,728
At 30 June	15,071,500	7,353,800	15,071,500	7,353,800

15. RESERVES

	Group	
	2021	2020
	RM	RM
Non-distributable		
Exchange translation reserve	(202,712)	(189,434)
Fair value reserve	1,026,307	(11,004)
Distributable		
Retained earnings	32,244,153	29,320,051
	33,067,748	29,119,613

Fair value reserve movement is as follow:

	Group	
	2021	2020
	RM	RM
At 1 July	(11,004)	-
Net change in fair value	1,037,311	(11,004)
At 30 June	1,026,307	(11,004)

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.

16. TRADE PAYABLES

The Group's normal trade credit term ranges from 60 to 90 days (2020: 60 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other payables	369,503	524,117	419	419
Accruals	1,369,537	1,222,862	35,000	30,000
	1,739,040	1,746,979	35,419	30,419

18. REVENUE

Disaggregation of revenue from contracts with customers

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

	Group	
	2021 RM	2020 RM
Distribution income from investment in cash funds	200,046	432,362
Income from other investments	375,000	-
Interest income	1,007	50,494
Software based activities	25,345,796	25,770,469
Segment revenue	25,921,849	26,253,325
Less: Intercompany revenue	(698,837)	(711,094)
Revenue from external customers	25,223,012	25,542,231
Timing of revenue recognition:		
- Over time	25,223,012	25,542,231

	Company	
	2021 RM	2020 RM
Distribution income from investment in cash funds	37,637	60,201
Dividends from subsidiaries	7,000,000	5,000,000
Interest income	1	2,243
Segment revenue	7,037,638	5,062,444
Timing of revenue recognition:		
- At a point in time	7,000,000	5,000,000
- Over time	37,638	62,444
	7,037,638	5,062,444

19. PROFIT BEFORE TAX

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Amortisation of intangible asset	2,052	9,158	-	-
Auditors' remuneration	118,179	109,831	35,000	30,000
Depreciation of property, plant and equipment	923,560	793,250	-	-
Rental of premises	192,783	153,432		-
Staff costs:			-	
- Salaries and other benefits	1,875,077	1,862,486	-	-
- Defined contribution plan	107,416	103,600	-	-
Dividend income from other investments	(227,296)	(63,216)	-	-
Loss/(Gain) on foreign exchange:				
- Realised	34,448	(26,399)	-	-
- Unrealised	114,938	41,978	-	-
Fair value gain on investment in cash funds	(28,234)	(51,139)	(6,590)	(8,344)

Staff costs recognised in cost of sales:				
- Salaries and other benefits	5,158,158	5,103,856	-	-
- Defined contribution plan	411,130	410,377	-	-

20. TAX EXPENSES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Income tax				
- Current year	2,923,984	3,308,799	-	-
- Foreign income tax	140,424	172,100	-	-
- (Over)/Underprovision in prior years	(156,355)	(122,531)	585	-
	2,908,053	3,358,368	585	-
Deferred tax (Note 9)				
- Relating to origination and reversal of temporary differences	(16,324)	(22,300)	-	-
	(16,324)	(22,300)	-	-
	2,891,729	3,336,068	585	-

Malaysian income tax is calculated at the statutory rate of 24% (2020: 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:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	12,786,304	12,851,719	6,749,810	4,782,859
Malaysian statutory tax rate of 24%	3,068,713	3,084,413	1,619,954	1,147,886
Tax effects of:				
Non-deductible	54,614	284,273	70,660	68,565
Non-taxable income	(216,419)	(146,334)	(1,690,614)	(1,216,451)
Deferred tax assets not recognised	752	64,148	-	-
(Over)/Underprovision in prior years:				
- Income tax	(156,355)	(122,532)	585	-
Foreign income tax	140,424	172,100	-	-
	2,891,729	3,336,068	585	-

21. EARNINGS PER SHARE

	Group	
	2021	2020
	RM	RM
Basic earnings per share		
Profit for the financial year	9,894,575	9,515,651
	Number of shares	
	2021	2020
Weighted average number of ordinary shares in issue	174,261,833	175,422,183
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.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash in hand	1,137	1,130	2	2
Cash at banks	8,065,982	5,164,512	52,889	111,813
Fixed deposits with a licensed financial institution	-	6,822,071	-	-
Investment in cash funds	12,626,361	2,300,843	1,644,911	1,800,684
	20,693,480	14,288,556	1,697,802	1,912,499

23. DIVIDEND

	Group and Company	
	2021	2020
	RM	RM
Single-tier interim dividend of 4 sen per ordinary share in respect of the financial year ended 30 June 2021	6,970,473	-
Single-tier interim dividend of 3 sen per ordinary share in respect of the financial year ended 30 June 2020	-	5,279,989
	6,970,473	5,279,989

24. SIGNIFICANT RELATED PARTY DISCLOSURES

24.1 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.

24.2 Significant related party transactions

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

24.3 Compensation of key management personnel

Compensation of key management personnel (including Directors) for the financial year ended 30 June 2021 and the comparative prior year are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Directors' Remuneration:				
Fees	120,000	120,000	120,000	120,000
Salaries and other benefits	1,533,230	1,502,580	-	-
Defined contribution plan	107,880	105,780	-	-
	1,761,110	1,728,360	120,000	120,000
Key management personnel:				
Salaries and other benefits	580,347	561,823	-	-
Defined contribution plan	53,650	51,771	-	-
	633,997	613,594	-	-

25. 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, China.

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

	Group	
	2021	2020
	RM	RM
Malaysia	21,117,990	20,739,594
Hong Kong, China	3,621,726	4,196,111
Other countries	483,296	606,526
	25,223,012	25,542,231

Revenue from 3 (2020: 3) major customers with revenue equal or more than 10% of the Group's total revenue amounted to RM11,772,564 (2020: RM12,491,069).

26. FINANCIAL INSTRUMENTS

26.1 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.

26. FINANCIAL INSTRUMENTS (Cont'd)

26.1 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 cost RM	FVTPL RM	FVTOCI RM	Total RM
Group				
2021				
Financial assets				
Other investments	45,000	-	18,929,666	18,974,666
Trade receivables	1,371,345	-	-	1,371,345
Contract assets	107,877	-	-	107,877
Other receivables and deposits	102,147	-	-	102,147
Investment in cash funds	-	12,626,361		12,626,361
Cash and bank balances	8,067,119	-	-	8,067,119
	9,693,488	12,626,361	18,929,666	41,249,515
Financial liabilities				
Trade payables	16,340	-	-	16,340
Other payables and accruals(^)	1,374,262	-	-	1,374,262
Contract liabilities	2,662,457	-	-	2,662,457
	4,053,059	-	-	4,053,059

26. FINANCIAL INSTRUMENTS (Cont'd)

26.1 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 cost RM	FVTPL RM	FVTOCI RM	Total RM
Group				
2020				
Financial assets				
Other investments	45,000	-	17,892,354	17,937,354
Trade receivables	6,204,306	-	-	6,204,306
Contract assets	113,510	-	-	113,510
Other receivables and deposits	159,896	-	-	159,896
Investment in cash funds	-	2,300,843		2,300,843
Fixed deposits with a financial institution	6,822,071	-	-	6,822,071
Cash and bank balances	5,165,642	-	-	5,165,642
	18,510,425	2,300,843	17,892,354	38,703,622
Financial liabilities				
Trade payables	17,356	-	-	17,356
Other payables and accruals(^)	1,334,105	-	-	1,334,105
Contract liabilities	2,524,884	-	-	2,524,884
	3,876,345	-	-	3,876,345

26. FINANCIAL INSTRUMENTS (Cont'd)

26.1 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 cost RM	FVTPL RM
Company		
2021		
Financial assets		
Investment in cash funds	-	1,644,911
Cash and bank balances	52,891	-
	52,891	1,644,911
Financial liabilities		
Other payables and accruals	35,419	-
2020		
Financial assets		
Investment in cash funds	-	1,800,684
Cash and bank balances	111,815	-
	111,815	1,800,684
Financial liabilities		
Other payables and accruals	30,419	-

(^) Excluding 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 cash funds which is carried at fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") respectively as disclosed in Note 26.2 to the financial statements.

26. FINANCIAL INSTRUMENTS (Cont'd)

26.2 Fair value hierarchy

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

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
FVTPL				
- Investment in cash funds	12,626,361	-	-	12,626,361
FVTOCI				
- Other investments	18,929,666	-	-	18,929,666
	31,556,027	-	-	31,556,027
2020				
FVTPL				
- Investment in cash funds	2,300,843	-	-	2,300,843
FVTOCI				
- Other investments	17,892,354	-	-	17,892,354
	20,193,197	-	-	20,193,197

Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
FVTPL				
Investment in cash funds	1,644,911	-	-	1,644,911
2020				
FVTPL				
Investment in cash funds	1,800,684	-	-	1,800,684

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 2021.

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

26.3 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/income distribution rate 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.

26. FINANCIAL INSTRUMENTS (Cont'd)

26.3 Financial risk management objectives and policies (Cont'd)

(a) Interest/Income distribution rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest/Income distribution rates. Interest/income distribution rate exposure arises from the placement of excess funds in interest-earning deposits. The financial assets are mainly short term in nature and they are not held for speculative purposes.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Floating rate instruments				
Financial assets				
Investment in cash funds	12,626,361	2,300,843	1,644,911	1,800,684
Fixed deposits with licensed bank	-	6,822,071	-	-
Cash at banks	7,785,479	4,237,863	52,889	111,813

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates on floating rate financial instruments had been 100 basis points higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM185,433 and RM16,851 (2020: RM123,437 and RM18,857) higher/lower respectively.

(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 is exposed to market price risks arising from cash 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.

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

26. FINANCIAL INSTRUMENTS (Cont'd)

26.3 Financial risk management objectives and policies (Cont'd)

(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.

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:

	Group	
	2021 RM	2020 RM
Malaysia	1,227,860	5,516,186
Hong Kong, China	279,854	814,715
Other countries	16,048	80,166
	1,523,762	6,411,067

Significant concentration of credit risk

Trade receivables

The Group has significant exposure to several customers. At the reporting date, approximately 66% (2020: 76%) of the Group's trade receivables were due from 5 (2020: 4) 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:

	Group	
	2021 RM	2020 RM
Neither past due nor impaired	1,003,767	3,052,662
1 to 30 days past due not impaired	136,273	371,388
31 to 60 days past due not impaired	22,268	1,796,120
61 to 90 days past due not impaired	209,037	984,136
	367,578	3,151,644
	1,371,345	6,204,306
Contract assets	107,877	113,510
Other receivables	44,540	93,251
	1,523,762	6,411,067

26. FINANCIAL INSTRUMENTS (Cont'd)

26.3 Financial risk management objectives and policies (Cont'd)

(d) Credit risk (Cont'd)

Significant concentration of credit risk (Cont'd)

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 RM367,578 (2020: RM3,151,644) that are past due at the reporting date but not impaired. These are unsecured in nature.

(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:

	Group	
	2021 RM	2020 RM
Other investments		
Australian Dollar	3,113,092	2,931,792
Trade and other receivables		
Australian Dollar	-	66,190
Chinese Renminbi	16,547	15,585
Hong Kong Dollar	279,854	814,715
Singapore Dollar	16,048	64,581
Cash and cash equivalents		
Chinese Renminbi	78,894	126,274
Hong Kong Dollar	4,856,279	2,247,598
United States Dollar	11,584	12,330
Trade and other payables		
Chinese Renminbi	2,539	2,252
Hong Kong Dollar	521,938	442,530

26. FINANCIAL INSTRUMENTS (Cont'd)

26.3 Financial risk management objectives and policies (Cont'd)

(e) Foreign currency risk (Cont'd)

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 (%)	Group 2021 RM	Group 2020 RM
Australian Dollar	10	311,309	299,798
Chinese Renminbi	10	9,290	13,961
Hong Kong Dollar	10	461,420	261,978
Singapore Dollar	10	1,605	6,458
United States Dollar	10	1,158	1,233

27. 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.

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. In order to contain the COVID-19 outbreak in Malaysia, the Malaysian Government imposed the Movement Control Order ("MCO") on 18 March 2020 to 3 May 2020 that involved strict movement restrictions and closure of non-essential economic and social activities. The MCO was extended and each state switched between Conditional MCO, Recovery MCO, Enhanced MCO and Semi-Enhanced MCO in 2020 and 2021 depending on its COVID-19 situation. However, a nationwide "total lockdown" was again imposed by the Malaysian Government from 1 June to 14 June 2021, whereby only essential economic and social services listed by the National Security Council were allowed to operate. Then on 15 June 2021 the Malaysian Government introduced a four-phase National Recovery Plan ("NRP") to help the country emerge from the COVID-19 pandemic and its economic fallout. Each state will exit the lockdown and move on to various phases of the NRP based on the number of new cases, people requiring ICU treatment, and fully vaccinated rates. The country is expected to move on to Phase 4 gradually by 31 December 2021 whereby all economic sectors will be re-opened, social activities and travel will be allowed to some degree.

The Group and the Company's office premises were allowed to operate throughout the various stages of the MCO under the essential services' guidelines set by the Ministry of International Trade and Industry. As a precautionary measure, majority of the staff worked from home.

The COVID-19 pandemic has not materially impacted the financial position of the Group for the financial year ended 30 June 2021. However, the Group will monitor the ongoing situation and will take necessary actions to mitigate the effects of COVID-19, which include the safety and health measures for its employees.

DETAILS OF LANDED PROPERTY
AS AT 30 JUNE 2021

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	:	27 years
Existing Use	:	Office
Total Land Area	:	368.4 sq m
Total Build-up Area	:	923.14 sq m
Tenure	:	Freehold
Net Book Value	:	RM1,993,034
Date of acquisition /revaluation	:	30 August 2001

ANALYSIS OF SHAREHOLDINGS
AS AT 4 OCTOBER 2021

Number of Issued Shares	189,333,333 Ordinary Shares (Inclusive of 15,071,500 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	2.39	2,288	0.00
100 - 1,000	659	27.64	258,532	0.15
1,001 - 10,000	1,106	46.39	5,797,869	3.33
10,001 - 100,000	474	19.88	14,988,349	8.60
100,001 and to less than 5% of issued shares	85	3.57	44,081,268	25.30
5% and above of issued shares	3	0.13	109,133,527	62.63
Total	2,384	100.00	174,261,833	100.00

List of top 30 largest shareholders

	Name of Shareholders	No. of Shares	%
1.	REXIT VENTURE SDN BHD	70,361,227	40.38
2.	GLOBAL HARTABUMI SDN BHD	20,690,000	11.87
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KUAH HUN LIANG (PB)	18,082,300	10.38
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SEOW LUN HOO @ SEOW WAH CHONG (PB)	7,917,300	4.54
5.	HSBC NOMINEES (ASING) SDN BHD QUINTET LUXEMBOURG FOR SAMARANG UCITS – SAMARANG ASIAN PROSPERITY	4,428,800	2.54
6.	PUI CHENG WUI	3,264,000	1.87
7.	GAN KHO @ GAN HONG LEONG	1,850,500	1.06
8.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIENG ING MUI	1,620,000	0.93
9.	LOW CHU MOOI	1,452,400	0.83
10.	REXIT VENTURE SDN BHD	1,000,000	0.57
11.	YANG FATIMAH BINTI MOHD PIAH	1,000,000	0.57
12.	TANG ZHEN SHENG	950,000	0.55
13.	FONG AH CHAI	800,000	0.46
14.	CHAN SIEW KUEN	767,000	0.44
15.	LEE SHWU SIAN	751,700	0.43
16.	JASON YAW CHEUK HING	700,000	0.40
17.	GAN KHO @ GAN HONG LEONG	686,200	0.39
18.	NG PEK KHEONG	634,500	0.36

	Name of Shareholders	No. of Shares	%
19.	CHONG HON MIN	631,667	0.36
20.	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	582,000	0.33
21.	HAW SWEE BENG	500,000	0.29
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD WANG CHOON SEANG	500,000	0.29
23.	CHAN SIEW FOONG	450,000	0.26
24.	YEAP CHIN LOON	388,000	0.22
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAW SWEE BENG (E-SPG/PJN)	360,000	0.21
26.	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROBERT WING-YEE SNASHALL	359,600	0.21
27.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR MALVERN GROUP MANAGEMENT LIMITED (PB)	358,500	0.21
28.	LEE CHEE SENG	355,000	0.20
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG AI MING (E-KLC)	353,200	0.20
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HONJI CORPORATION SDN BHD (E-SS2)	350,000	0.20

Substantial Shareholders

	Direct Shareholding		Indirect Shareholding	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Rexit Venture Sdn. Bhd.	71,361,227	40.95	0	0.00
Global Hartabumi Sdn. Bhd.	20,690,000	11.87	0	0.00
Kuah Hun Liang	18,082,300	10.38	0	0.00
Dato' Abdul Murad Bin Khalid	0	0.00	20,690,000 [(b)]	11.87
Datuk Chung Hon Cheong	223,334	0.13	71,361,227 [(a)]	40.95
Si Tho Yoke Meng	0	0.00	71,361,227 [(a)]	40.95
Mohd Azmil Bin Dato' Abdul Murad	0	0.00	20,690,000 [(b)]	11.87

Directors' Shareholdings

	Direct Shareholding		Indirect Shareholding	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Datuk Ng Kam Chiu	268,000	0.15	6,100 [(c)]	0.00
Datuk Chung Hon Cheong	223,334	0.13	71,361,227 [(a)]	40.95
Si Tho Yoke Meng	0	0.00	71,361,227 [(a)]	40.95
Dato' Abdul Murad Bin Khalid	0	0.00	20,690,000 [(b)]	11.87
Kuah Hun Liang	18,082,300	10.38	0	0.00
Chan Chee Yuan	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 Seventeenth (17th) 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 Friday, 26 November 2021 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 2021 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:-	
	(a) Mr. Si Tho Yoke Meng	Resolution 1
	(b) Mr. Chan Chee Yuan	Resolution 2
3.	To approve the payment of Directors' fees of up to RM120,000 and Directors' benefits of up to RM6,000 from 27 November 2021 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.	**Ordinary Resolution - Continuing In Office As Independent Non-Executive Director** "THAT approval be and is hereby given for Datuk Ng Kam Chiu, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company."	Resolution 5
6.	**Ordinary Resolution - Authority to Issue and Allot Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016** "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."	Resolution 6

7. **Ordinary Resolution - Proposed Renewal of Authority for the Purchase by the Company of its own Shares** Resolution 7

"THAT subject to the Companies Act 2016, 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."

8. 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)
JANE ONG SU PING (MAICSA 7059946) (PC NO. 202008002275)
Company Secretaries

Dated: 29 October 2021

Notes:-

(i) Only members whose names appear in the Record of Depositors as at 19th November 2021 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.

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 Companies Act 2016 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 Companies Act 2016, 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 27 November 2021 up till the next AGM of the Company in 2022. The benefits comprise of meeting allowances payable to directors.

3. **Resolution 5 - Continuing In Office As Independent Non-Executive Director**

   The Nominating Committee (save for the interested Director) has assessed the independence of Datuk Ng Kam Chiu, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and upon its recommendation, the Board of Directors has recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

   i. He fulfills the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements of Bursa Securities, and thus, he would able to function as a check and balance, bring an element of objectivity to the Board;
   ii. His vast experience in the industry and background would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Group;
   iii. He has been with the Company for more than 12 years and is familiar with the Company's business operations; and
   iv. He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

   The Proposed Resolution 5, if passed, will enable Datuk Ng Kam Chiu to continue in office as Independent Non-Executive Director of the Company. Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Company would be seeking the shareholders' approval through a two-tier voting process.

4. **Resolution 6 - Authority to Issue and Allot Shares Pursuant to Section 75 and 76 of the Companies Act 2016**

Pursuant to Section 75 and Section 76 of the Companies Act 2016, the Proposed Resolution 6, 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 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 16th AGM held on 29 December 2020.

5. **Resolution 7 - Proposed Renewal of Authority for Share Buy-Back**

The Proposed Resolution 7, 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 29 October 2021, which is dispatched together with the Company's Annual Report 2021.

REXIT BERHAD

Registered 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 Seventeenth (17th) 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 Friday, 26 November 2021 at 9.30 a.m. and at any adjournment thereof, in the manner indicated below:-

Resolutions		**For**	**Against**
1.	To re-elect Mr. Si Tho Yoke Meng as Director.		
2.	To re-elect Mr. Chan Chee Yuan as Director.		
3.	To approve the payment of Directors' fees and benefits from 27 November 2021 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 retain Datuk Ng Kam Chiu as Independent Non-Executive Director.		
6.	To approve the authority to issue shares pursuant to Section 75 and Section 76 of the Company Act 2016.		
7.	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.

If appointment of proxy is under hand ______________________ Signed by *individual member/*officer or attorney of member/*authorised nominee of ______________________ (beneficial owner)	No. of Shares held : ______________ Securities Account No : ______________________ (CDS Account No.) (Compulsory) Date :	The proportions of my/our holding to be represented by my/our proxies are as follows:- **First Proxy** No. of Shares : ____________ Percentage : ____________%
If appointment of proxy is under seal 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)	**Seal** No. of Shares held : ______________ Securities Account No : ______________________ (CDS Account No.) (Compulsory) Date :	**Second Proxy** No. of Shares : ____________ Percentage : ____________%

Notes:-

(i) Only members whose names appear in the Record of Depositors as at 19 November 2021 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.

* *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

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