



**RCE CAPITAL BERHAD**

195301000151 (2444-M)

# **ANNUAL REPORT 2024**

member of



2	Corporate Information
3	Corporate Structure
4	Group Financial Highlights
6	Profile of Directors
10	Profile of Chief Executive Officer
11	Profile of Key Senior Management
12	Chairman's Letter to Shareholders
17	Management Discussion and Analysis
24	Sustainability Statement

# What's Inside

69	Corporate Governance Overview Statement
82	Additional Compliance Information
84	Statement on Risk Management and Internal Control
89	Audit Committee Report
95	Financial Statements
172	Analysis of Shareholdings
175	Notice of Annual General Meeting
	Form of Proxy

# Corporate Information

## BOARD OF DIRECTORS

### SHAHMAN AZMAN

*Non-Independent Non-Executive Chairman*

### AZURA BINTI AZMAN

*Independent Director*

### TAN SRI MAZLAN MANSOR

*Independent Director*

### SHALINA AZMAN

*Non-Independent Non-Executive Director*

### DATUK MOHAMED AZMI BIN MAHMOOD

*Independent Director*

### SOO KIM WAI

*Non-Independent Non-Executive Director*

### THEIN KIM MON

*Independent Director*

### LUM SING FAI

*Non-Independent Non-Executive Director*

## CHIEF EXECUTIVE OFFICER

Loh Kam Chuin

## BUSINESS ADDRESS

20th Floor  
Menara Teo Chew  
1 Jalan Lumut  
50400 Kuala Lumpur  
Malaysia

## SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

## COMPANY SECRETARIES

Johnson Yap Choon Seng  
(MIA 20766)  
(SSM PC No. 202008000685)

Tel : +603-4047 0988  
Fax : +603-4042 8877  
Website : www.rce.com.my

Tel : +603-2783 9299  
Fax : +603-2783 9222  
Email : is.enquiry@my.tricorglobal.com

Seow Fei San  
(MAICSA 7009732)  
(SSM PC No. 201908002299)

## AUDITORS

Deloitte PLT  
Chartered Accountants  
Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Malaysia

*Customer Service Centre:*  
Unit G-3, Ground Floor  
Vertical Podium  
Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

## REGISTERED OFFICE

802, 8th Floor, Block C  
Kelana Square  
17 Jalan SS 7/26  
47301 Petaling Jaya  
Selangor  
Malaysia

Tel : +603-7610 8888  
Fax : +603-7726 8986

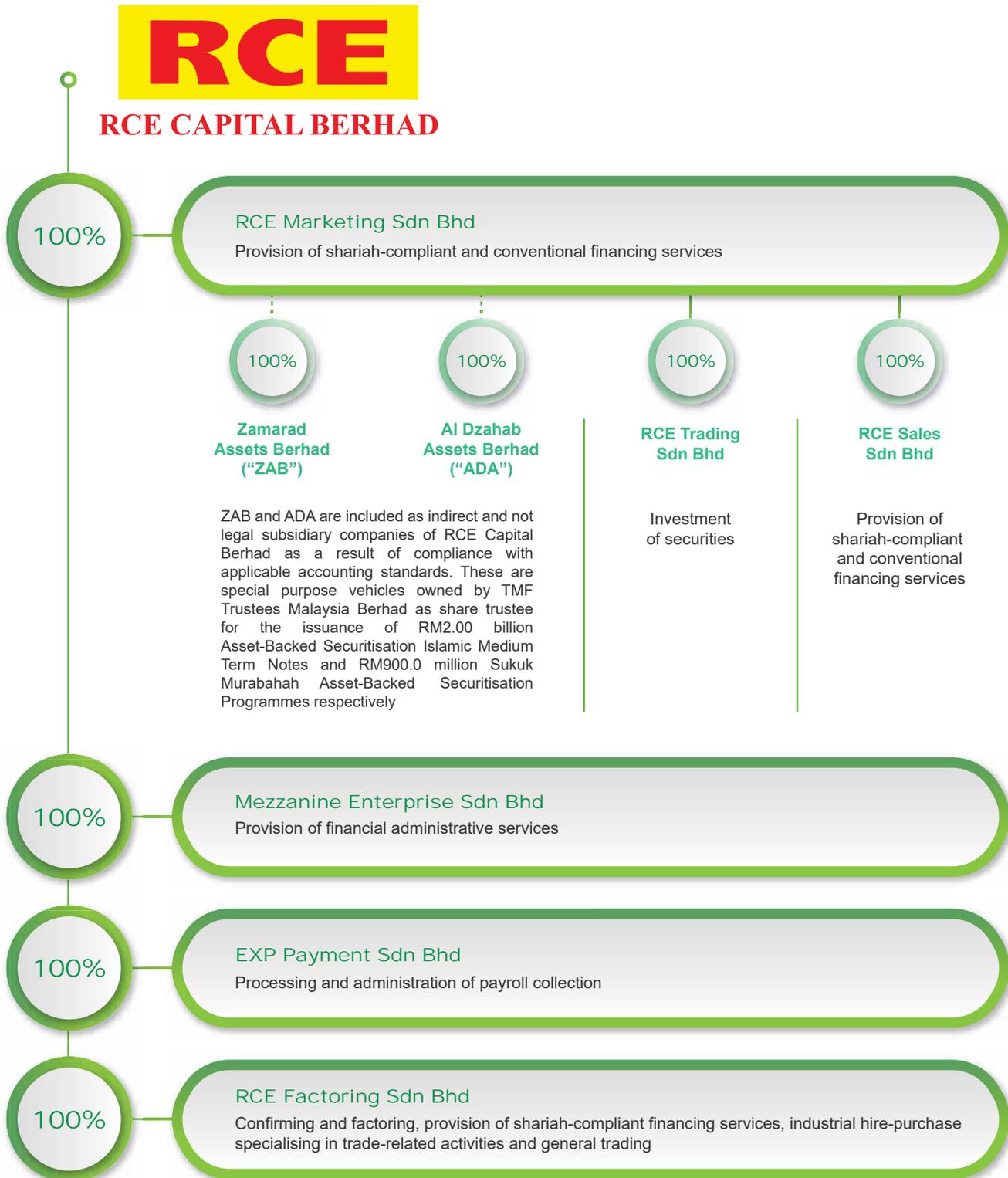
Tel : +603-7803 1126  
+603-7806 2116  
Fax : +603-7806 1387  
+603-7806 1261  
Email : eadvisory@epsilonas.com

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market  
(Listed on 20 September 1994)

Stock name : RCECAP  
Stock code : 9296

# Corporate Structure



Note: This chart features the main operating companies and exclude inactive companies.

## Group Financial Highlights

Financial Years Ended 31 March		2020	2021	2022	2023	2024
<b>Profitability</b>						
Revenue	(RM'000)	284,197	293,459	299,457	323,632	<b>341,659</b>
Profit before tax and allowances for impairment loss on receivables	(RM'000)	171,990	182,815	188,776	212,630	<b>215,080</b>
Profit before tax	(RM'000)	148,900	167,223	177,232	183,942	<b>184,849</b>
Net profit attributable to owners of the Company	(RM'000)	110,581	124,633	133,169	138,784	<b>138,752</b>
<b>Key Consolidated Statements of Financial Position Data</b>						
Total assets	(RM'000)	2,431,032	2,490,706	2,725,278	2,946,831	<b>2,995,619</b>
Financing receivables, net	(RM'000)	1,689,915	1,721,180	1,764,072	1,899,412	<b>1,972,719</b>
Financing liabilities (net of deposits, cash and bank balances)	(RM'000)	1,094,200	1,072,718	1,003,465	1,211,877	<b>1,279,382</b>
Net assets ("NA") attributable to ordinary shareholders	(RM'000)	673,363	774,031	872,068	805,659	<b>829,773</b>
<b>Key Financial Indicators</b>						
NA per ordinary share	(RM)	1.92	2.15	1.19 <sup>^</sup>	1.10	<b>1.13</b>
Return on average equity	(%)	17.60	17.22	16.18 <sup>^</sup>	16.54	<b>16.97</b>
Earnings per share:						
Basic	(sen)	31.83	35.03	18.25 <sup>^</sup>	18.95	<b>18.93</b>
Diluted	(sen)	31.71	34.99	18.19 <sup>^</sup>	18.85	<b>18.85</b>
Net gearing ratio	(times)	1.62	1.39	1.15 <sup>^</sup>	1.50	<b>1.54</b>
Net dividend per share	(sen)	11.00	13.00	11.00 <sup>@</sup>	30.00 <sup>~</sup>	<b>15.00</b>
Dividend payout ratio	(%)	35	38	41	158	<b>79</b>
Return on average total assets	(%)	4.75	5.06	5.11	4.89	<b>4.67</b>
Number of ordinary shares outstanding (net of treasury shares)	(unit)	350,333	360,050	731,771 <sup>^</sup>	732,851	<b>732,851</b>
Share price as at financial year end	(RM)	1.49	2.60	1.85	1.82	<b>2.68</b>

Notes:

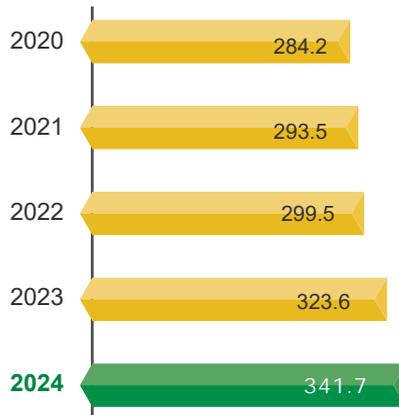
<sup>^</sup> Accounted for the effects of enlarged share capital upon issuance and distribution of bonus and treasury shares.

<sup>@</sup> Derived from first interim dividend of 7.00 sen per ordinary share and second interim dividend of 4.00 sen per ordinary share prior to and after enlarged share capital upon issuance and distribution of bonus and treasury shares respectively.

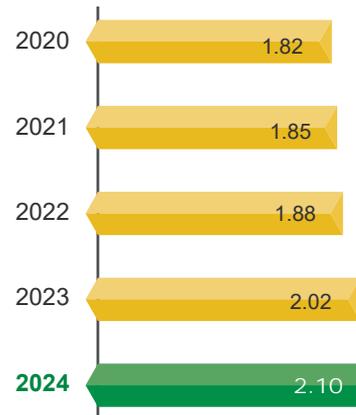
<sup>~</sup> Included special interim dividend of 18.00 sen per ordinary share.

## Group Financial Highlights

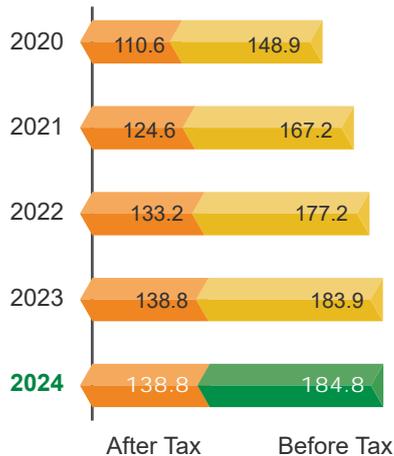
### REVENUE (RM'million)



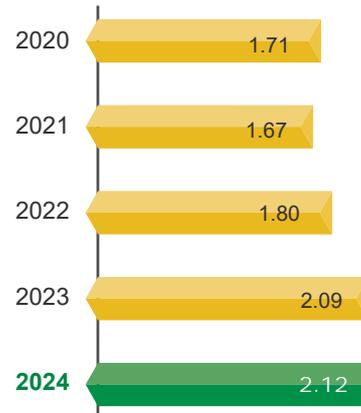
### FINANCING RECEIVABLES (RM'billion)



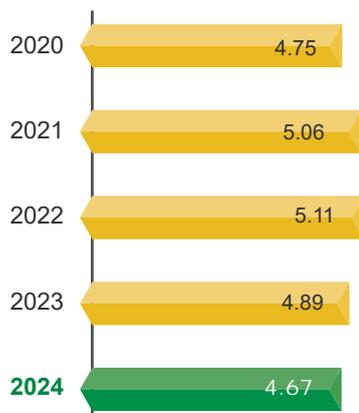
### PROFITS (RM'million)



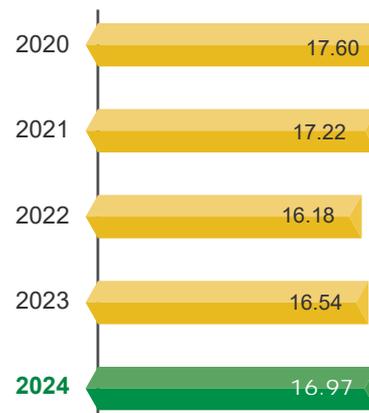
### FINANCING LIABILITIES (RM'billion)



### RETURN ON AVERAGE TOTAL ASSETS (%)



### RETURN ON AVERAGE EQUITY (%)



## Profile of Directors



### SHAHMAN AZMAN

*Non-Independent  
Non-Executive Chairman*

Encik Shahman Azman, a Malaysian, male, aged 49, was appointed to the Board on 2 June 2008 and was later redesignated to Non-Independent Non-Executive Chairman on 1 April 2015.

After graduating from Chapman University, U.S.A. with a Bachelor of Communications, Encik Shahman joined Amcorp Group Berhad (“Amcorp”) in 1996. He was subsequently promoted to General Manager spearheading the Corporate Planning and Strategy portfolio. In 2001, he joined MCM

Technologies Berhad, a former subsidiary of Amcorp, as General Manager of Corporate Planning and Strategy. His last held position in MCM Technologies Berhad was Chief Investment Officer.

Encik Shahman later joined the Company as Director of Corporate Affairs on 1 April 2004 and was promoted to Director of Strategic Business Unit on 1 January 2006.

He is also the Chairman of Amcorp Properties Berhad. His directorships in other public companies include Amcorp and Amcorp Global Limited, a company listed on the Mainboard of Singapore Stock Exchange.



### TAN SRI MAZLAN MANSOR

*Independent Director*

Tan Sri Mazlan Mansor, a Malaysian, male, aged 63, was appointed to the Board on 1 October 2020.

He holds a LLB (Hons) from University of Wales, Aberystwyth and obtained a Certificate in Legal Practice (CLP).

He had served in the Royal Malaysia Police for almost 41 years until his retirement as the Deputy Inspector-General of the Royal Malaysia Police in August 2020, having joined as a Senior Police Officer in 1979.

Throughout his policing career, Tan Sri Mazlan Mansor had held various

senior positions within the Royal Malaysia Police, including Director of Commercial Crime Investigation Department, Chief Police Officer of Selangor, Commissioner of Police Sarawak, Chief Police Officer of Melaka and he has vast experience in investigation work. He has received numerous state and federal awards for his invaluable contribution towards the public service, particularly in the area of public security.

Tan Sri Mazlan Mansor is a member of the Selangor Islamic Religious Council. He also serves as Chairman of the Board of Trustees of Yayasan Islam Darul Ehsan, and sits on the Board of Ocean Assets Trustee Berhad. He was a Board Member of the Securities Commission Malaysia from 1 March 2022 to 29 February 2024. Tan Sri Mazlan Mansor is also a Member of the Police Force Commission.

## Profile of Directors



### DATUK MOHAMED AZMI BIN MAHMOOD

*Independent Director*

Datuk Mohamed Azmi bin Mahmood, a Malaysian, male, aged 70, was appointed to the Board on 15 March 2017.

He is a Fellow Chartered Banker from the Asian Institute of Chartered Bankers.

Datuk Azmi has 37 years of experience in the banking industry. He joined Arab-Malaysian Finance Berhad (“AMFB”) in 1981 as an accountant. In 1989, he was seconded by Bank Negara Malaysia

to First Malaysia Finance Berhad as the Chief Executive Officer in a rescue scheme for the finance company. In January 1991, he re-joined AMFB and was promoted to Managing Director on 1 August 1994, a position he held until 14 June 2002 to assume the office of Managing Director, Retail Banking in AmBank (M) Berhad. Datuk Azmi was the Deputy Group Chief Executive Officer of AMMB Holdings Berhad from April 2012 to January 2017.

Datuk Azmi also sits on the Board of Trustees of Yayasan Sejahtera and Yayasan Min Qalby.



### THEIN KIM MON

*Independent Director*

Mr. Thein Kim Mon, a Malaysian, male, aged 69, was appointed to the Board on 30 September 2019.

Mr. Thein is a Fellow of the Institute of Chartered Accountants, England and Wales (FCA) and the Institute of Chartered Accountants of Australia (FCA). He is also a Chartered Banker of the Asian Institute of Chartered Bankers and the Chartered Banker Institute in the United Kingdom.

Mr. Thein was the Group Chief Internal Auditor of AmBank Group from July 2010 to September 2017. He was responsible in providing

independent audit and value-added assurance and consulting services to assist AmBank Group in realising its strategic objectives.

Mr. Thein has over 42 years of experience in audit and risk management. Prior to joining AmBank Group, Mr. Thein spent 21 years with the Australia and New Zealand Banking Group (“ANZ”) where he held several key roles such as Chief Auditor of ANZ in New Zealand and Regional Head of Audit, UK/Europe & Americas in London. Mr. Thein began his career with Coopers & Lybrand (now PricewaterhouseCoopers) in London.

## Profile of Directors

### AZURA BINTI AZMAN

*Independent Director*



Puan Azura binti Azman, a Malaysian, female, aged 60, was appointed to the Board on 1 December 2023.

She holds a Bachelor of Arts (Honours) from Victoria University of Wellington, New Zealand.

Puan Azura has over 30 years of broad-based experience in the banking industry and her expertise includes stockbroking, corporate banking, credit, business development and private equity. Over the course of her career, Puan Azura helmed senior positions in various firms including RHB Investment Bank Berhad ("RHB Investment"), Bank of Commerce Bhd, Southern Bank Bhd, Ke-Zan Securities Sdn Bhd, Crosby Securities Pte Ltd (London), Amsteel Securities Sdn Bhd, CAV Private Equity Management Sdn Bhd and HLG Securities Sdn Bhd.

Puan Azura joined RHB Investment in 2007 and has since worked in various

capacities within the Retail and Institutional Equity Broking as well as Coverage departments. She was the Head of Group Institutional Equities at RHB Investment.

Puan Azura is an active member of the capital market industry. She has served the Board of Securities Industry Dispute Resolution Centre from October 2021 to April 2022. She was also the Chairman of the Association of Stockbroking Companies Malaysia (ASCM) in 2011 and 2013. She is a member of Bursa Malaysia Berhad Market Participants Committee and she was also a member of various capital market associates and committees including the Bumiputera Dealer Representatives Education Fund, the Board of Trustees of the Bumiputera Training Fund of the Securities Industry Development Centre as well as Securities Commission Malaysia's Secondary Market Advisory Group.

Puan Azura also sits on the Board of Titijaya Land Berhad, KJTS Group Berhad and AmanahRaya Investment Management Sdn Bhd.

### SHALINA AZMAN

*Non-Independent  
Non-Executive Director*



Puan Shalina Azman, a Malaysian, female, aged 57, was appointed to the Board on 6 January 2000.

She holds a Bachelor of Science in Business Administration majoring in Finance and Economics from Chapman University in California and in 1993, she obtained her Masters in Business Administration from University of Hull in United Kingdom.

Puan Shalina's involvement with the Company dates back to 1990 where she first gained invaluable experience in the media industry as a Business Development Officer. Prior to

re-joining the Company, she was with Amcorp Group Berhad ("Amcorp") from 1995 to 1999 as Senior Manager, Corporate Planning. She was subsequently appointed as the Managing Director of the Company on 1 September 2000. On 31 July 2002, Puan Shalina resigned as the Managing Director of the Company to re-join Amcorp and on 1 August 2002, she was appointed as the Deputy Managing Director of Amcorp. On 1 July 2024, Puan Shalina was appointed as the Deputy Chairman of Amcorp.

Apart from Amcorp, Puan Shalina also sits on the Board of Amcorp Properties Berhad, Rockwills International Berhad and Amcorp Global Limited, a company listed on the Mainboard of Singapore Stock Exchange.

## Profile of Directors



### SOO KIM WAI

*Non-Independent  
Non-Executive Director*

Mr. Soo Kim Wai, a Malaysian, male, aged 63, was appointed to the Board on 11 August 1997.

Mr. Soo is a Member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He is also a Fellow of the Certified Practising Accountant, Australia, and the Association of Chartered Certified Accountants, United Kingdom.

Mr. Soo is currently the Group Managing Director of Amcorp Group Berhad ("Amcorp"). He joined Amcorp in 1989 as Senior Manager, Finance and has since held various positions.

He was appointed as a Director of Amcorp on 13 March 1996. Before joining Amcorp, he was in the accounting profession for 5 years with Deloitte KassimChan from 1980 to 1985 and with Plantation Agencies Sdn Bhd from 1985 to 1989.

Apart from Amcorp, his directorships in other public companies include Amcorp Properties Berhad, AMMB Holdings Berhad and AmBank (M) Berhad. He also serves as Chairman of AmREIT Managers Sdn Bhd, the Manager of AmFirst Real Estate Investment Trust, and Amcorp Global Limited, a company listed on the Mainboard of Singapore Stock Exchange.



### LUM SING FAI

*Non-Independent  
Non-Executive Director*

Mr. Lum Sing Fai, a Malaysian, male, aged 59, was appointed to the Board on 30 September 2019.

He holds a Bachelor of Economics (Hons.) (Business Administration) from University of Malaya.

Mr. Lum has over 30 years of extensive experience in the banking and financial industry. As Managing Director of Capital Markets in Amcorp Group Berhad ("Amcorp"), he has successfully led a broad range of corporate finance, restructuring and funding exercises during his 28 year tenure. Prior to joining Amcorp,

Mr. Lum was with Southern Bank Berhad from 1987 to 1994 working in various capacities from operations to corporate banking.

He was a Non-Independent Non-Executive Director of ECM Libra Group Berhad and Director of ECM Libra Investment Bank Berhad from 2008 till 2013 and 2012 respectively.

Mr. Lum also sits on the Board of Amcorp Properties Berhad, AmInvestment Bank Berhad and MTrustee Berhad.

## Profile of Chief Executive Officer



### LOH KAM CHUIN

Chief Executive Officer

Mr. Loh Kam Chuin, a Malaysian, male, aged 57, was appointed Chief Executive Officer on 1 March 2010.

Mr. Loh holds a Bachelor of Business-Banking and Finance from the University of South Australia. Upon graduation in 1989, he joined Southern Bank Berhad in the Personal Banking Division. In 1995, he joined Fulcrum Capital Sdn Bhd ("FCSB"), a wholly-owned subsidiary of Amcorp Group Berhad, as Manager and was promoted to Senior Manager and later Associate Director of FCSB prior to joining RCE Group. In 2001, he was

appointed Director of RCE Marketing Sdn Bhd, a wholly-owned subsidiary of the Company and has since 2006, held the post of Executive Director, Corporate Affairs prior to his current appointment.

He does not hold any directorship in public or public listed companies.

### DETAILS OF MEMBERSHIP IN BOARD COMMITTEES

	COMMITTEES OF THE BOARD			
	Audit Committee	Nomination & Remuneration Committee	Employees' Share Scheme Committee	Sustainability Management Committee
Shahman Azman				<b>Chairman</b>
Tan Sri Mazlan Mansor	Member	Member		
Datuk Mohamed Azmi bin Mahmood	Member	<b>Chairman</b>		
Thein Kim Mon	<b>Chairman</b>			
Azura binti Azman	Member			
Shalina Azman		Member	Member	Member
Soo Kim Wai	Member		<b>Chairman</b>	
Lum Sing Fai			Member	
Loh Kam Chuin (Chief Executive Officer)			Member	Member

#### Notes:

Puan Shalina Azman and Encik Shahman Azman are siblings and children of Tan Sri Azman Hashim, a major shareholder of the Company. Save as disclosed herein, none of the Directors and the Chief Executive Officer have any family relationship with any Directors and/or major shareholders of the Company.

None of the Directors nor the Chief Executive Officer have any conflict of interest with the Company, save for which may arise by virtue of:

- (i) Encik Shahman Azman's position as Director of Amcorp Group Berhad (but not holding any shares therein) whereby its subsidiary companies are involved in the provision of mezzanine financing, which may be considered a similar nature of business with RCE Group;
- (ii) Puan Shalina Azman's position as Deputy Chairman of Amcorp Group Berhad (but not holding any shares therein) whereby its subsidiary companies are involved in the provision of mezzanine financing, which may be considered a similar nature of business with RCE Group;
- (iii) Mr. Soo Kim Wai's positions as:
  - (a) Director (but not holding any shares therein) of AMMB Holdings Berhad and AmBank (M) Berhad which are in the same financial services sector as RCE Group; and
  - (b) Group Managing Director of Amcorp Group Berhad (but not holding any shares therein) whereby its subsidiary companies are involved in the provision of mezzanine financing, which may be considered a similar nature of business with RCE Group;
- (iv) Mr. Lum Sing Fai's position as Managing Director of Capital Markets in Amcorp Group Berhad (but not holding any shares therein) whereby subsidiary companies of Amcorp Group Berhad are involved in the provision of mezzanine financing, which may be considered a similar nature of business with RCE Group.

None of the Directors nor the Chief Executive Officer have been convicted for offences within the past 5 years, other than traffic offences, if any.

None of the Directors nor the Chief Executive Officer have any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year.

## Profile of Key Senior Management

### JOHNSON YAP CHOON SENG

*Group Chief Financial Officer and Company Secretary*

**Mr. Johnson Yap Choon Seng**, a Malaysian, male, aged 54, was appointed the Group Chief Financial Officer on 21 February 2003. He has been Company Secretary of the Company since February 2005.

He is a Fellow of the Association of Certified Chartered Accountants (FCCA) and a member of the Malaysian Institute of Accountants. He obtained his Executive Masters in Business Administration from the National University of Singapore.

He has more than 30 years of experience in financial reporting, corporate finance, company secretarial, audit, information technology and other management discipline.

### OON HOOI KHEE

*Chief Business Officer*

**Ms. Oon Hooi Khee**, a Malaysian, female, aged 52, joined RCE Capital Berhad and its subsidiaries on 11 September 2006 and has since then held various positions as Head of Department including Finance, Strategy & Planning, Business Development, Information Technology, Compliance, Operations & Methods and Human Resource & Administration prior to her current appointment as Chief Business Officer.

Ms. Oon is a Fellow of the Certified Practising Accountant (CPA), Australia, and a member of the Malaysian Institute of Accountants.

Upon graduating from Monash University with a Bachelor of Economics majoring in Accounting, Ms. Oon joined a Big 4 accounting firm for 8 years covering audit assurance and tax compliance. Thereafter, she spent 4 years as the Head of Finance in a stockbroking company.

---

Notes:

None of the Key Senior Management members have:

- (i) any directorship in public or public listed companies;
- (ii) any family relationship with any Directors and/or major shareholders of the Company;
- (iii) any conflict of interest with the Company;
- (iv) any conviction for offences within the past 5 years, other than traffic offences, if any; and
- (v) any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year.

## Chairman's Letter To Shareholders



*Dear Shareholders,*

*On behalf of the Board of Directors (“the Board”), I am pleased to present you the Annual Report of RCE Capital Berhad and its subsidiaries (“the Group” or “RCE”) for the financial year ended 31 March 2024 (“FYE 2024”).*

### ECONOMIC REVIEW

In 2023, we experienced a moderate growth rate of 3.1% globally despite a more robust recovery in the latter part of the year. We attribute this to the heightened monetary policy measures and persistent inflation concerns. According to the International Monetary Fund (“IMF”), inflation dropped to an annual average of 6.9% from 8.7% in 2023 as compared to 2022. As inflation converges to the targeted level, central banks of advanced economy are easing their policies following a series of interest rate hikes previously to be in tandem with the resilience of global economy.

On the other hand, US has not been containing its spending which will widen the country's deficit, more so as this is an election year. This poses a risk of upward pressure on global interest rates and the US dollar, thereby adversely impacting emerging economies with threats of mounting debt. Amidst these dynamics, international cooperation and adaptive policymaking remain pivotal for steering economies towards longer term resilience and prosperity.

In addition, the enduring Russia-Ukraine conflict and the Israel-Palestine territorial hostility present multifaceted challenges to the global economy. These are disrupting crucial trade routes, heightening market volatility and contributing to energy price fluctuations. Uncertainties surrounding geopolitical risks affect financial markets and entail significant humanitarian costs, including population displacement and infrastructure destruction. Moreover, they undermine investor and business confidence, delaying investment decisions and hindering economic growth prospects.

Apart from the above, the lingering effects of the COVID-19 pandemic, weak growth in productivity and increasing geo-economics fragmentation gave rise to a low expansion of global growth with worldwide Gross Domestic Product (“GDP”) growth estimated at 3.2% in 2024.

Meanwhile, Malaysia attained GDP growth of 3.7% against the backdrop of volatile crude and palm oil prices, higher inflation and a softer ringgit. Bank Negara Malaysia (“BNM”) increased the Overnight Policy Rate (“OPR”) by 25 basis points in May 2023 to 3.0% as a measure to manage inflationary pressures and ensure price stability, thereby supporting the overall economy. Despite OPR hikes between 2022 and 2023, Malaysia was shielded from spiking inflationary pressures due to implementation of price controls on essential household items. The weakening ringgit throughout 2023 led to an elevated but manageable inflation rate.

## Chairman's Letter To Shareholders

Amidst these dynamics, the Malaysian economy expanded by 3.7% in 2023, demonstrating resilience from domestic demand. In July 2023, the Government launched the MADANI Economy initiative to propel Malaysia into the top 30 global economies within a decade, to surpass its 37<sup>th</sup> ranking in 2022 based on World Bank data. This encompasses the revitalisation of the Corridor Authority and the coordinated implementation of the Iskandar Malaysia Comprehensive Development Plan III (2020-2030). Actions are in place to strengthen the Iskandar Malaysia Investment Centre and promote socio-economic development through fair job distribution. These will facilitate advancements of Malaysia's economic landscape and foster a more inclusive prosperity nationwide.

We anticipate further improvements in 2024 with Malaysia's economy poised to expand by 3.9%, primarily fuelled by the growth in the services sector, implementation of the national master plans, multiyear projects and investments. In all, BNM anticipates a 5.0% surge in exports for 2024, marking a recovery from the 8.0% decline experienced in 2023.

The improvement to the Government's Sistem Saraan Perkhidmatan Awam ("SSPA") planned for Budget 2025's tabling in October 2024 is crucial for civil servants experiencing financial challenges in the increasing cost of living environment. Upward adjustments to the current salary structure, including setting of a minimum wage level are expected to enhance their financial stability by lightening their financial load on households, thus increasing their disposable income and economic flexibility. This will present opportunities for the Group in its offering of customised financing solutions to civil servants.

With all the positive aspects considered, the rationalisation of fuel subsidies, utility tariff hikes and increase in service tax rate may exacerbate the current inflationary pressure. As such, the Government expects the targeted subsidy to be able to mitigate any increases that will financially burden the lower income group. Accordingly, OPR is expected to remain unchanged at current level for this year as the Government, in collaboration with BNM, is taking coordinated actions to stabilise the economy and currency.

As Malaysia moves forward, it must remain adaptable to global uncertainties while leveraging its domestic strengths for sustainable growth. With a well-diversified

economy, a burgeoning digital sector and a skilled workforce, Malaysia is well-positioned to capitalise on opportunities in the emerging technology, renewable energy and sustainable development landscape.

### PERFORMANCE REVIEW

We continue to be committed to financial prudence and stability throughout FYE 2024. The Group registered revenue of RM341.7 million, with 5.6% year-on-year growth from RM323.6 million a year ago, due to our cautious approach towards credit underwriting as we emphasised on the quality of receivables despite robust customer financing demand.

The Group experienced an uptick in profit expense from RM90.1 million to RM98.5 million in FYE 2024, mainly arising from the full financial year's effect of the OPR hikes from 2022 to 2023. The unfavourable effects were in part cushioned by financing liabilities that are fixed-rated in the form of Sukuk issuances which constitute 55.5% of our financing liabilities.

On the other hand, the OPR hikes also resulted in higher income from deposit placements, giving rise to an increase in other operating income from RM28.0 million to RM37.9 million. Our treasury unit remains committed to optimising returns to the Group by continuously sourcing for competitive rates in both financing as well as deposit placement channels.

Operating expenses increased notably from RM48.8 million to RM65.8 million in FYE 2024. This was mainly due to the Group's efforts in obtaining new financing facilities, launching of multiple sales and marketing campaigns to boost disbursements and increased intensity in recovery activities. In addition to that, the Group invested in technology and cybersecurity as well as compliance and employee retention endeavours. Following which, the cost-to-income ratio rose to 23.4% from 18.6% a year ago.

In line with the Group's prudent credit policy, the financing base increased steadily by 4.0% from RM2.02 billion to RM2.10 billion as compared to a year ago. Non-performing financing remained elevated primarily due to higher early retirement and resignation of customers. The total impairment charge was higher at RM30.2 million as compared to RM28.7 million a year ago with a steady financing loss coverage ratio of more than 150.0%.

## Chairman's Letter To Shareholders



Overall, the Group recorded a stable profit after tax of RM138.8 million in FYE 2024, translated into earnings per share and return on average equity of 18.9 sen and 17.0% respectively.

Despite these challenges, we remain committed in upholding our financial prudence and sustainability standards whilst navigating the ever evolving economic landscape.

### CORPORATE DEVELOPMENT

We maintained our status as a shariah-compliant security for the third consecutive year, validated by the Shariah Advisory Council ("SAC") of Securities Commission Malaysia. This underscores our steadfast obligation to ethical financial practices and role in advancing an inclusive shariah-compliant financial ecosystem. We will continue our dedication to two primary areas, namely responsible financing through high-quality shariah-compliant financial products and ongoing digitalisation to deliver sustainable shareholders' returns.

A remarkable corporate achievement was winning The Edge Billion Ringgit Club Awards 2023 for the highest return to shareholders over three years in the financial services sector below RM10.00 billion market capitalisation. This marked our second consecutive year winning the same award.

On 10 August 2023, we issued the ninth tranche of sukuk with an issuance size of RM254.0 million via the RM2.00 billion Sukuk Murabahah Asset-Backed Securitisation Programme ("RM2.00 billion Sukuk Murabahah ABS Programme") by our special purpose vehicle ("SPV") namely, Zamarad Assets Berhad ("ZAB"). This issuance demonstrates our ability to access capital markets effectively.

ZAB's RM2.00 billion Sukuk Murabahah ABS Programme has a Revolving Option ("RO") feature, which marked a pioneering initiative in Malaysia's Islamic finance landscape. The RO feature allows the purchase of additional receivables from the Originator, RCE Marketing Sdn Bhd, using excess funds from ZAB's sinking funds. This innovation ensures ongoing funding and minimises negative carry for the Group.

## Chairman's Letter To Shareholders



*Best Securitization Sukuk by the Asset Triple A Islamic Finance Awards 2023*

On 16 August 2023, the Asset Triple A Islamic Finance Awards recognised RCE's accomplishments, honouring ZAB with the prestigious "Best Securitization Sukuk" award for Tranches 7 and 8, totalling RM474.0 million.

Throughout FYE 2024, RCE demonstrated its strength and undertaking to investors by fully redeeming RM120.0 million and RM90.0 million Class A Sukuk from various tranches issued by ZAB and another SPV, Al Dzahab Assets Berhad ("ADA"), respectively upon their legal maturity.

ADA has further early redeemed RM105.0 million Class B Sukuk from its first three tranches of RM900.0 million Sukuk Murabahah ABS Programme upon their expected maturity of seven years instead of the legal maturity of eight and a half years.

The above showed the underlying cash flow strength of the securitised receivables in both ZAB and ADA's Sukuk Murabahah ABS Programmes.

### INVESTOR RELATIONS

RCE upholds a high disclosure and corporate governance standards, underscoring its commitment to transparency and accountability. Our dedicated Investor Relations

team rigorously maintains open lines of communication with stakeholders, investors and analysts, leveraging various key communication platforms for timely and comprehensive sharing of corporate developments and business activities.

Conducting regular and systematic engagements with stakeholders to solicit constructive feedback provides valuable input for enhancing the Group's overall performance and operations.

Maybank Investment Bank Berhad, KAF-Seagroatt & Campbell Securities Sdn Bhd, RHB Research Institute Sdn Bhd and Public Investment Bank Berhad cover the Group. These esteemed institutions disseminate information and insights to investors on a regular basis, contributing to the broader understanding of the Group's strategic direction and financial performance.

### SUSTAINABILITY DEVELOPMENT

We are firm in creating sustainable value for shareholders, business partners, customers and employees. We believe in providing financing solutions that are financially sound, environmentally and socially responsible. To this end, we actively raise awareness and action among stakeholders, including our Sales Team, employees and customers.

During the 28<sup>th</sup> United Nations Climate Change Conference, Malaysia reaffirmed its stance, pledging a 45.0% reduction in greenhouse gas emissions by 2030 and achieving net-zero emissions by 2050. In alignment with these national objectives and the aid of numerous government action plans and policy changes, RCE endeavours to commit to its Economic, Environmental, Social and Governance ("EESG") agenda. This entails implementing several environmental measures in the coming years, including reducing waste and carbon emissions, increasing energy efficiency, adopting renewable energy, refining sustainable waste management practices and integrating sustainability considerations into all strategies, businesses and operations.

The Group's EESG initiatives have demonstrated significant progress, propelling us towards environmental sustainability. As evidence of our dedication, we are proud to maintain inclusion in the FTSE4Good Bursa Malaysia Index List and Shariah Indices Constituencies for five and three consecutive years, respectively.

We engage in diverse initiatives to accelerate digital transformation while emphasising on employee well-being, safety and security as well as community activities.

For detailed information regarding our sustainability efforts, we encourage stakeholders to refer to the Sustainability Statement included in this Annual Report.

## Chairman's Letter To Shareholders

### DIVIDEND

In FYE 2019, RCE implemented a policy to consistently reward shareholders with dividend payments ranging from 20% to 40% of the Group's profit after tax. On 23 May 2023, the Board announced it is adopting new dividend guidance, setting a payout ratio of 60% to 80% beginning from FYE 2024, provided it does not compromise the Group's cash flow requirements. This strategic adjustment reflects the Board's confidence in RCE's financial performance and pledge to enhance shareholder value.

On 22 November 2023, the Board declared the first interim dividend of 8.0 sen per ordinary share, with a total payout of RM58.6 million, distributed to shareholders on 28 December 2023. Subsequently, on 23 May 2024, the Board announced a second interim dividend of 7.0 sen per share, amounting to RM51.3 million.

All-in-all, the total dividend declared for FYE 2024 reflects a payout ratio of 79.2%, reaffirming RCE's consistent delivery of returns to its shareholders.

We sincerely thank our shareholders for their unwavering support and confidence in the Group over the years.

### OUTLOOK

It is crucial to acknowledge the prevailing uncertainties in global and local economies, which demands our careful attention and strategic response.

The impending election and outcome of the polling in US and UK respectively, highlight the need for adaptability and resilience in our strategies. These elections carry significant weight as they directly influence economic policies and market sentiments. Fluctuations in US federal interest rates significantly influence financial markets and investment decisions, necessitating vigilant monitoring and proactive risk management strategies.

The major conflicts we are experiencing will undoubtedly have profound economic implications, both regionally and globally. Such events trigger disruptions in oil supplies, consequently driving up fuel costs and impacting heavily reliant oil industries. The ensuing market volatility could precipitate fluctuations in stock markets as investors adopt a more risk-averse stance amidst escalating uncertainty on regional stability. The broadening geopolitical tensions could disrupt trade routes and supply chains across Middle East, creating ripple effects on global trade and economic growth. Currency markets may experience turbulence as a result of these developments.

The current rise in gold prices can significantly impact the economy, particularly in currency markets, economic strength, interest rates and inflation. The interplay between these factors underscores the complex dynamics within financial markets and the widening implications on economic stability and growth.

Locally, the on-going and potential subsidy support from the Government through the newly introduced central database hub, Pangkalan Data Utama ("PADU"), presents both opportunities and challenges. It holds the potential to fortify economic activities, stimulate growth and enhance competitiveness within targeted industries.

As we navigate the uncertain global and local economic landscape and inflationary pressures, we will continue recalibrating our strategies, including prudent financial management, proactive risk mitigation and strategic foresight for sustainability and long-term value creation for stakeholders. Leveraging information technology's capabilities, we enhance agility in our systems and processes while prioritising the well-being and safety of our employees, including mental fitness.

We are also intensifying efforts towards the EESG agenda, focusing on delivering sustainable performance, responsible financing, prudent asset quality management and cost discipline. Domestically, Malaysia is poised to grow moderately, supported by increased household spending, continuous employment, wage growth and heightened investment activities. RCE is ready to adapt and respond effectively to these challenges, ensuring resilience and sustainable growth ahead.

### ACKNOWLEDGMENT

With the release of this Annual Report, I wish to convey my sincere appreciation to all stakeholders for your continuous trust.

We welcome Puan Azura binti Azman, who joined the Board on 1 December 2023. With over thirty years of extensive experience in the banking industry, including stockbroking, corporate banking, credit, business development and private equity, her expertise will be invaluable. She is also an active member of the capital market industry. Puan Azura's appointment will complement our existing Board, and we eagerly anticipate her contribution to the Group.

Furthermore, I express heartfelt gratitude to Encik Mahadzir bin Azizan, who stepped down as an Independent Non-Executive Director on 30 October 2023 after nine years of valuable service and contribution to the Group.

I wish to thank the Regulators for their guidance. Additionally, I extend our gratitude to our customers, business and banking partners and suppliers for their continued support.

Lastly, I would like to express my deepest appreciation to my colleagues and the Board for their constant commitment and guidance in the Group. Together, we look forward to achieving greater heights of success.

**Shahman Azman**  
Chairman

# Management Discussion and Analysis

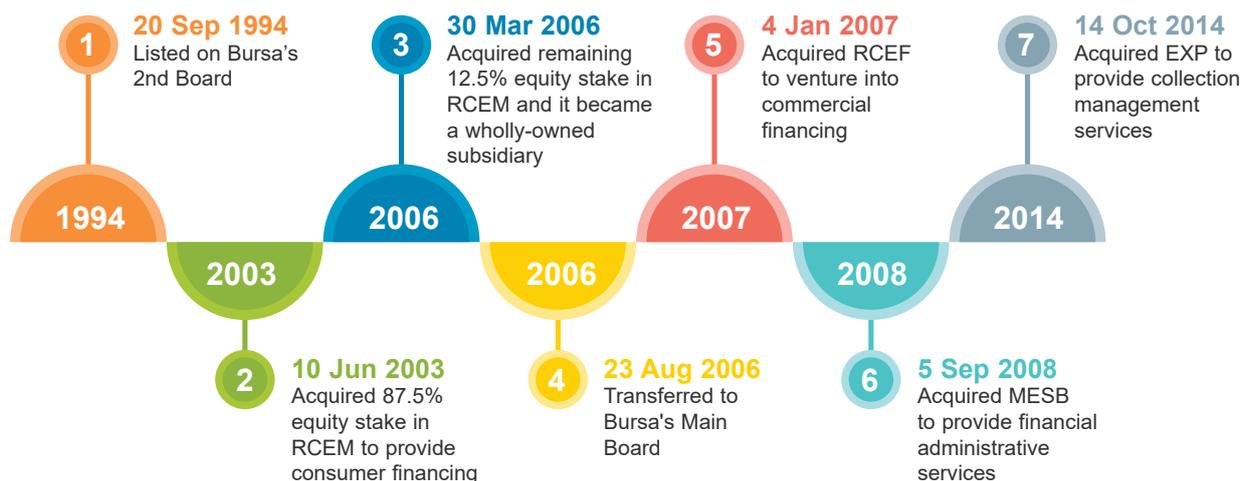
## OUR BUSINESS

RCE Capital Berhad (“RCE”) is an investment holding company established in 1953 and a subsidiary of Amcorp Group Berhad. RCE was listed on the Second Board of Bursa Malaysia Securities Berhad (“Bursa”) in 1994 and transferred to the Main Market in 2006. RCE and its subsidiaries (“RCE Group” or “the Group”) primarily focus on delivering shariah-compliant financing solutions for civil servants in Malaysia, guided by steady return to shareholders while upholding responsible financing practices and shariah principles.

Key revenue streams for RCE Group are largely driven by RCE Marketing Sdn Bhd (“RCEM”) and its subsidiaries (“RCEM Group”), along with Mezzanine Enterprise Sdn Bhd (“MESB”) and EXP Payment Sdn Bhd (“EXP”). These entities collectively offer a comprehensive suite of shariah-compliant financing solutions to civil servants, constituting most of RCE Group’s business activities. Customer repayments are facilitated via direct monthly salary deductions, managed by two collection agencies namely Biro Perkhidmatan Angkasa (“BPA”) and EXP.

In 2014, EXP was acquired to provide an alternative to BPA’s salary deduction service under the purview of the Accountant General’s Department of Malaysia, other selected government and semi-government agencies. EXP aims to ensure customers’ repayment process is timely and effective.

In 2007, RCE Group expanded its scope beyond civil service financing by acquiring RCE Factoring Sdn Bhd (“RCEF”). This enabled the Group to venture into commercial factoring and confirming arrangements catering to small and medium-sized business enterprises. In addition, RCEF offers shariah-compliant and conventional financing options to selected customer segments, broadening RCE Group’s reach and diversification of its revenue streams.



## OUR STRATEGY

RCE Group’s strategy as a financial service provider for the civil servants’ market centres on delivering sustainable returns, emphasising the importance of excelling in speed-to-market and constantly focusing on addressing customers’ needs.



## Management Discussion and Analysis

RCE Group is dedicated to providing quality products and services within an end-to-end shariah-compliant financing ecosystem. This is guided by best practices, ethical sales channels, risk-based pricing products, technologies and process innovation.

Our customer-centric approach with the motto “*Customer for Life*” ensures growth and stability in earnings. Good service and swift turnaround time foster customers’ loyalty for long term expansion. Latest technologies and process innovation complement our efforts to stay relevant in the market.

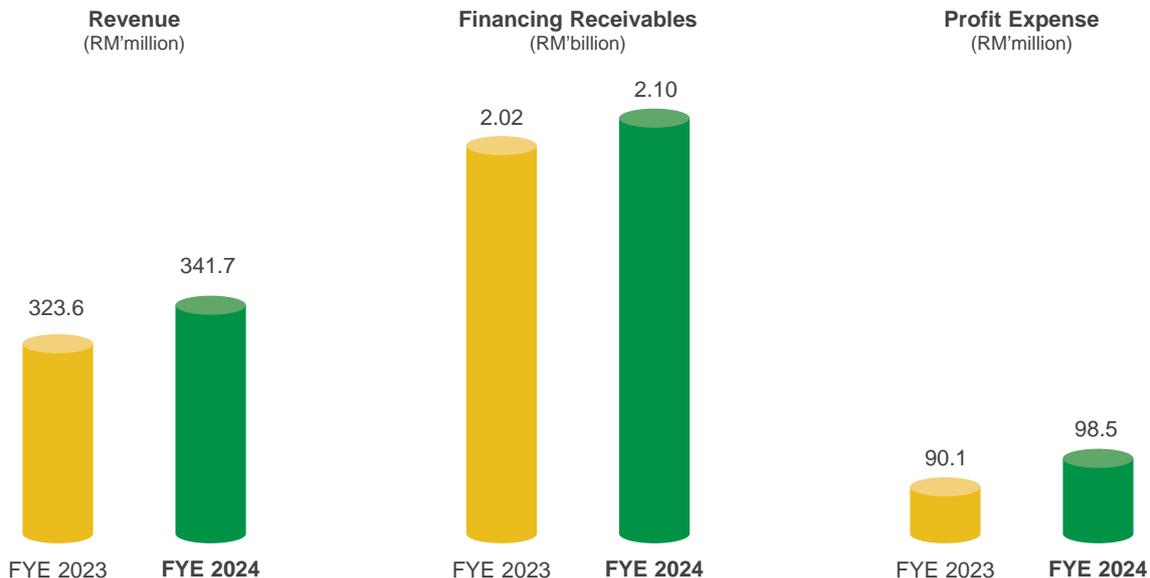


### SUMMARY OF GROUP FINANCIAL PERFORMANCE

For financial year ended 31 March 2024 (“FYE 2024”), the Group recorded a moderate revenue increase, reaching RM341.7 million, surpassing the RM323.6 million recorded in FYE 2023. This was due to our focus on quality receivables, notwithstanding the vigorous demand for financing in the market.

As a result, RCE Group’s financing receivables grew by 4.0% to RM2.10 billion as compared to RM2.02 billion in the preceding financial year.

RCE Group’s profit expense rose to RM98.5 million from RM90.1 million, mainly attributable to the hike in the Overnight Policy Rate (“OPR”) between 2022 and 2023. The Group managed the unfavourable impacts by maintaining an optimal mix of fixed and floating rate financing liabilities and sourcing for better rates from various financial institutions. Accordingly, the Group’s cost of funds increased marginally by 5 basis points in the financial year.

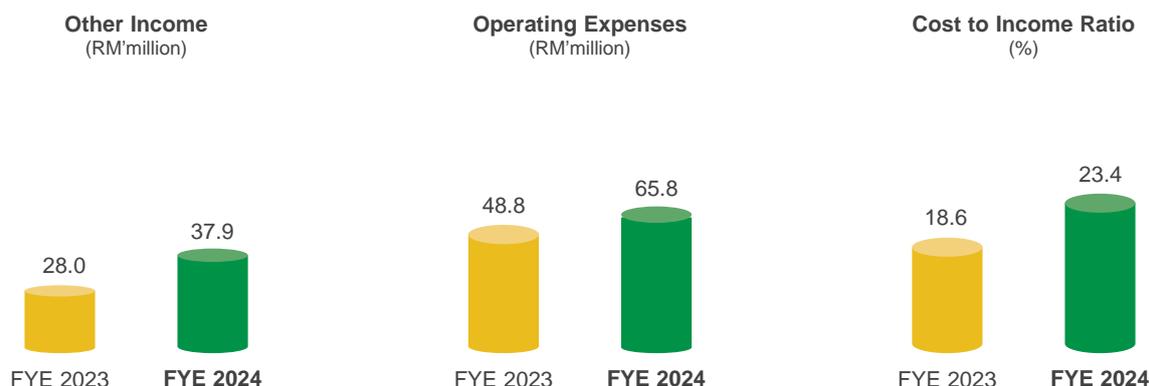


On the other hand, the OPR hikes led to higher deposit rates, thereby higher income from deposits placed with licensed financial institutions. This contributed to a higher other income of RM37.9 million as compared to RM28.0 million in the previous financial year.

Other operating expense surged to RM65.8 million from RM48.8 million, mainly from higher facility fee relating to new funding secured and expenditure on sales and marketing campaigns to augment disbursement activities. Likewise, there were higher costs for financing recovery activities, investments in technology initiatives, compliance efforts and endeavours geared towards retaining employees.

## Management Discussion and Analysis

Consequently, the cost-to-income ratio increased to 23.4% from 18.6% in the preceding financial year.

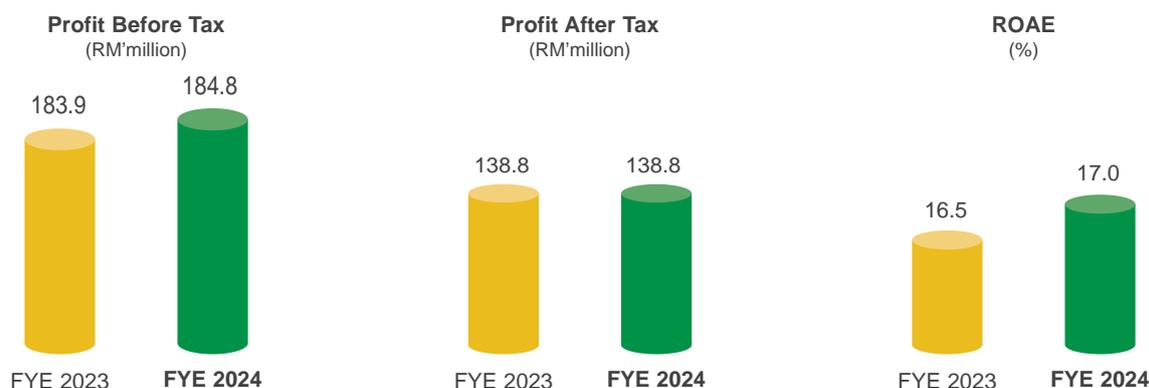


The Group's allowances for impairment loss on receivables increased to RM30.2 million from RM28.7 million in the previous financial year. The higher level of non-performing financing was attributed to elevated early retirements and resignations among civil servants. Despite these challenges, the Group maintained a prudent financing loss coverage ratio of more than 150.0%.



Following the above, RCE Group's profit before tax increased slightly from RM183.9 million to RM184.8 million. Overall, RCE Group registered a stable profit after tax of RM138.8 million for FYE 2024.

The improvement in return on average equity ("ROAE") from 16.5% to 17.0% demonstrated RCE Group's efforts in managing its capital, driven by meaningful returns to the shareholders.



## Management Discussion and Analysis

### BUSINESS OPERATIONS REVIEW

As a responsible financial service provider, RCE Group develops products and services that cater to customers' need at different stages of life while minimising their financial burden.

RCE Group's credit risk strategy balances quality of receivables, earnings and long term growth. Periodic review of credit policies and underwriting criteria ensure manageable default risk exposure and losses.

Maintaining stability across various funding sources is imperative to mitigate business disruptions, not to mention the continuous need to review existing financing arrangements to ensure favourable rates and terms are enjoyed. Any re-pricing of products will take into account the competitive landscape and risk appetite to seize market opportunities.

Notwithstanding the above, expanding the customer base remains a core objective, achieved by delivering quality products and services across all business units. Each unit focuses on improving without compromising delivery standards.

Educating customers in financial management is paramount. Proactively sharing of relevant information and educational materials allow customers to navigate their finances effectively.

RCE's inclusion on the Securities Commission Malaysia's list of shariah-compliant securities accentuates its status as a player in the Islamic financial ecosystem. As investor preferences shift towards ethical investing, RCE Group recognises the importance of Shariah investing alongside Economic, Environmental, Social and Governance ("EESG") integration in its business operations.

### EMPOWERING GROWTH IN THE DIGITAL ERA

Digitalisation is crucial in shaping the business landscape. Robust technology governance and cyber resilience are central to RCE Group's digital transformation efforts. Reviewing and enhancing existing information technology ("IT") methodologies and processes aid in alignment of our strategic objectives.

The Group allocated RM2.4 million to bolster our digital capabilities. These enable us to stay ahead of the curve, leverage on technology in streamlining of processes, improve efficiency and deliver value-added solutions to our customers. These are pivotal for future growth and propelling the business forward in an ever evolving digital landscape.

Our risk management strategy identifies crucial risks across various regulatory requirements, mapping out corresponding action plans to effectively ensure compliance and mitigate potential vulnerabilities.

Given the heightened focus on cybersecurity in today's interconnected world, we have engaged independent experts to identify security vulnerabilities and provide assurance. This helps to safeguard and maintain integrity of our systems, including strengthening the infrastructure against emerging threats. Customer trust in our ability to protect their sensitive information is reinforced.

As customer engagement is multifaceted in today's digital age, we ensure accessibility across various channels enabling customers to easily reach us through websites, social media platforms, automated response software or by contacting our dedicated Customer Service Specialists. While digital channels offer convenience, maintaining personalised services is vital, especially for less tech-savvy customers. Our dedicated Sales Teams remain at the forefront, providing hassle-free and professional advice tailored to individual needs and credit profile.

## Management Discussion and Analysis

### SYNERGISING FUNDING AND RISK FOR FINANCIAL STABILITY

RCE Group prioritises liquidity risk management as its financial strategy to prudent financing structure and favourable funding terms. These involved cash flow forecasting across operating entities and anticipate liquidity events while mitigating maturity mismatch through strategic conversion of liabilities and market fundraising.

Evaluation of funding options, covering revolving credit, term financing/loan or Sukuk, is closely aligned with the Group's risk appetite and business.

During the financial year, we have secured six new financing facilities totalling RM895.0 million with different financiers. The successful acquisition of these financing facilities strategically leverage available credit lines to support business initiatives and expansion plans. As at 31 March 2024, we have a network of more than ten financiers as core partners supporting our operations.

RCE Group has been actively fundraising in the debt capital market since 2004. Over the years, the Group established various debt securities programmes with a strong track record. These programmes have played a crucial role in diversifying our funding sources beyond traditional financing options.

The RM2.00 billion Sukuk Murabahah Asset-Backed Securitisation Programme ("Sukuk Murabahah ABS Programme") established in March 2019 via Zamarad Assets Berhad ("ZAB") offers perpetual features for continuous funding and facilitates better asset-liability management.

Besides, a Revolving Option ("RO") was introduced, a pioneering feature in Malaysia for securitisation of shariah-compliant receivables. Activated from the sixth tranche in July 2021, the RO allows ZAB to purchase additional receivables from the Originator, RCEM, with excess funds from sinking funds. RCEM generates new disbursements using proceeds received, providing ongoing funding and minimising negative carry for the Group.

On 10 August 2023, the ninth tranche with an issuance size of RM254.0 million was issued. To-date, nine tranches amounting to RM1.59 billion have been issued.

On 16 August 2023, the Asset Triple A Islamic Finance Awards recognised RCE's accomplishments, honouring ZAB with the prestigious "Best Securitization Sukuk" award for Tranches 7 and 8, totalling RM474.0 million.

The Group has another RM900.0 million Sukuk Murabahah ABS Programme established in March 2016 by Al Dzahab Assets Berhad ("ADA"), another special purpose vehicle. ADA has fully utilised its programme limit with five tranches issued since March 2018. The outstanding financing obligation is serviced through the underlying securitised receivables' collections.

Throughout FYE 2024, RCE Group demonstrated its strength to investors by fully redeeming RM120.0 million and RM90.0 million Class A Sukuk from various tranches issued by ZAB and ADA respectively upon their legal maturity. Additionally, ADA has early redeemed RM105.0 million Class B Sukuk from its first three tranches upon their expected maturity of seven years instead of the legal maturity of eight and a half years.

Retaining a good credit rating with timely debt repayment and transparent stakeholders' communication provide confidence to existing and potential investors.

## Management Discussion and Analysis

RAM Ratings Berhad has rated both ZAB and ADA's Sukuk Murabahah ABS Programmes. The upgrading and reaffirming of ratings over these financial years reflect that the quality of the underlying securitised receivables remains sound.

### i. ZAB's RM2.00 billion Sukuk Murabahah ABS Programme Rating Review:

Class	Tranche	From (Since Issuance)	To (Latest Review)	Status
A	1 to 8	AAA (Stable)	• <u>AAA (Stable)</u>	• Reaffirmed
	9	AAA (Stable)	• <u>AAA (Stable)</u>	• Newly issued on 10.08.2023
B	1	AA2 (Stable)	• <u>AA2 (Positive)</u> • <u>AAA (Stable)</u>	• Revised on 28.02.2020 • Upgraded on 26.02.2021 and reaffirmed since 26.04.2022
	2	AA2 (Stable)	• <u>AAA (Stable)</u>	• Upgraded on 24.09.2021 and reaffirmed since 25.08.2022
	3	AA2 (Stable)	• <u>AA1 (Positive)</u> • <u>AAA (Stable)</u>	• Upgraded on 24.09.2021 • Upgraded on 25.08.2022 and reaffirmed on 22.09.2023
	4	AA2 (Stable)	• <u>AAA (Stable)</u>	• Upgraded on 26.04.2022 and reaffirmed since 25.04.2023
	5	AA2 (Stable)	• <u>AA2 (Positive)</u> • <u>AAA (Stable)</u>	• Revised on 26.04.2022 • Upgraded on 25.08.2022 and reaffirmed on 22.09.2023
	6	AA2 (Stable)	• <u>AA2 (Stable)</u>	• Reaffirmed since 26.04.2022
	7	AA2 (Stable)	• <u>AA2 (Stable)</u>	• Reaffirmed since 25.04.2023
	8	AA2 (Stable)	• <u>AA2 (Stable)</u>	• Reaffirmed on 22.09.2023
	9	AA2 (Stable)	• <u>AA2 (Stable)</u>	• Newly issued on 10.08.2023

### ii. ADA's RM900.0 million Sukuk Murabahah ABS Programme Rating Review:

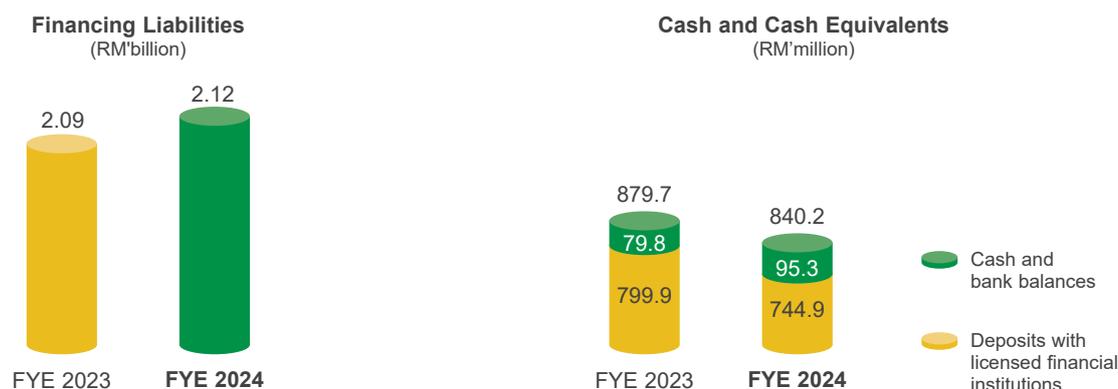
Class	Tranche	From (Since Issuance)	To (Latest Review)	Status
A	1	AAA (Stable)	• <u>AAA (Stable)</u>	• Fully redeemed in FYE 2024
	2	AAA (Stable)	• <u>AAA (Stable)</u>	• Fully redeemed in FYE 2024
	3	AAA (Stable)	• <u>AAA (Stable)</u>	• Fully redeemed in FYE 2024
	4 to 5	AAA (Stable)	• <u>AAA (Stable)</u>	• Reaffirmed
B	1	AA3 (Stable)	• <u>AA1 (Positive)</u> • <u>AAA (Stable)</u>	• Revised on 7.08.2017 • Upgraded on 22.10.2018 and reaffirmed since 15.10.2019 • Early redeemed upon expected maturity date on 21.06.2023
	2	AA3 (Stable)	• <u>AA2 (Positive)</u> • <u>AAA (Stable)</u>	• Upgraded on 7.08.2017 • Upgraded on 22.10.2018 and reaffirmed since 15.10.2019 • Early redeemed upon expected maturity date on 29.09.2023
	3	AA3 (Stable)	• <u>AA3 (Positive)</u> • <u>AAA (Stable)</u>	• Revised on 15.12.2017 • Upgraded on 22.10.2018 and reaffirmed since 2.05.2019 • Early redeemed upon expected maturity date on 29.03.2024
	4	AA3 (Stable)	• <u>AAA (Stable)</u>	• Upgraded on 22.10.2018 and reaffirmed since 2.05.2019
	5	AA3 (Stable)	• <u>AA1 (Positive)</u> • <u>AAA (Stable)</u>	• Upgraded on 22.10.2018 • Upgraded on 15.10.2019 and reaffirmed since 28.02.2020

As at 31 March 2024, the Group's financial liabilities stood at RM2.12 billion with a stable net gearing ratio of less than two times.

Out of the total cash and cash equivalents of RM840.2 million, RM751.0 million (FYE 2023: RM811.9 million) are held in trust by independent trustees of Sukuk Murabahah ABS Programmes for future payment of Sukuk principal and profit expense.

## Management Discussion and Analysis

The Group keeps minimal cash and bank balances to sustain operations and meet financial obligations respectively.



### OUR PEOPLE

People represent an organisation's most valuable asset. It is essential to equip our employees with an agile mindset, right skills and tools to succeed in today's dynamic business environment. Updating all employees on the relevant policies and procedures maximises transparency and accountability.

Investing in our people's well-being fosters a supportive and inclusive work environment where individuals can thrive and reach their full potential. In FYE 2024, various activities were conducted to promote a healthy lifestyle and awareness on mental fitness among our employees. These include weight management and mental health awareness talks, healthy cooking workshops and weekly workout sessions.

### ACCELERATING EESG AGENDA

RCE Group has integrated EESG principles into its core strategy. This integration is not merely a checkbox exercise but a fundamental reorientation towards a more sustainable and ethical business model. Robust policies, procedures and controls are embedded into every facet of operations, extending beyond regulatory compliance, local and international standards as well as best practices.

RCE Group's pledge to this agenda is palpable through its presence on environmental, social and governance assessment platforms. RCE has maintained its position in FTSE4Good Bursa Malaysia Index List for five consecutive years. It has also secured a spot in Shariah Indices Constituencies for three straight years.

### OUTLOOK AND PROSPECTS

As we evaluate the economic landscape, Malaysia's growth in 2023 backed by domestic demand sets an optimistic stage for RCE Group's outlook. Projections for 2024 indicate ongoing growth, despite challenges from domestic and global uncertainties.

The conflict between Russia and Ukraine and the Israel-Palestine territorial hostility present complex challenges to world economy disrupt trade routes and market stability. Increasing gold prices add another layer of complexity to economic dynamics, impacting currency markets and inflation rates.

The impending election and outcome of the polling in US and UK respectively carry significant weight as they directly influence economic policies and market sentiments.

On the local front, the on-going and potential subsidy support from governmental initiatives like the central database hub, known as Pangkalan Data Utama ("PADU"), offer opportunities and challenges, driving economic activities while demanding careful management.

In response to these dynamics, RCE Group adopts a proactive stance in monitoring external economic factors while capitalising on opportunities. Embracing digital financing capabilities and advancing the sustainability agenda stands at the forefront, positioning RCE Group as a trusted, purpose-driven and innovation-led entity in the financial services sector.

# Sustainability Statement

## ABOUT THIS STATEMENT

Welcome to RCE Capital Berhad (“RCE”) Sustainability Statement (“Statement”) for the financial year ended 31 March 2024 (“FYE 2024”). Sustainability is at the core of what we do as a Shariah-compliant financial service provider. Our commitment extends beyond financial performance to encompass economic, environmental, social and governance (“EESG”) responsibilities. Innovative strategies and partnerships help mitigate environmental impact while promoting economic growth and social equity. This Statement reflects our aim towards transparency, accountability and long-term stakeholder value creation. Integrating sustainability into our business model helps us manage risks and seize opportunities for a sustainable future.

<b>Reporting Scope and Boundary</b>	<p>The scope and coverage of this Statement follow RCE’s consolidated entities for financial reporting and statements, encompassing its primary operating entities:</p> <ul style="list-style-type: none"> <li>• RCE Marketing Sdn Bhd Group of Companies</li> <li>• Mezzanine Enterprise Sdn Bhd</li> <li>• EXP Payment Sdn Bhd</li> <li>• RCE Factoring Sdn Bhd</li> </ul>
<b>Reporting Period</b>	<p>RCE follows an annual reporting cycle, issuing its last Statement on 27 July 2023 for financial year ended 31 March 2023 (“FYE 2023”). Unless otherwise stated, this Statement includes information for FYE 2024, covering 1 April 2023 to 31 March 2024.</p>
<b>Reporting Cycle</b>	<p>Annually</p>
<b>Reporting Standards</b>	<p>RCE employs the following frameworks to guide the development of its reporting content:</p> <ul style="list-style-type: none"> <li>• Global Reporting Initiative Universal Standards</li> <li>• Bursa Malaysia Securities Berhad (“Bursa”) Sustainability Reporting Guide, including the enhanced sustainability reporting requirements</li> <li>• FTSE4Good Bursa Malaysia ESG Index</li> <li>• ISO 26000 Social Responsibility</li> <li>• United Nations Sustainable Development Goals (“UNSDGs”)</li> <li>• Task Force on Climate-Related Financial Disclosures (“TCFD”)</li> </ul>

## Sustainability Statement

### ABOUT THIS STATEMENT (CONT'D)

<b>Defining Report Content</b>	<p>In preparing this Statement, RCE considered the following criteria from various reporting frameworks:</p> <ul style="list-style-type: none"> <li>• Focus on accuracy, balance, clarity, comparability, reliability and timeliness.</li> <li>• Principles such as stakeholder inclusivity, sustainability context, materiality and completeness.</li> </ul> <p>These considerations ensure this Statement meets the standard of transparency and accountability while reflecting RCE's commitment to engaging stakeholders, addressing pertinent issues and providing an overview of all salient sustainability efforts.</p>
<b>Reliability of Information Disclosed</b>	<p>RCE's Internal Auditors ("IA") verified the accuracy of this Sustainability Statement before final approval by the Board of Directors ("Board"). The IA's statement of assurance is presented on Page 68 of this Annual Report.</p>
<b>Feedback</b>	<p>RCE invites stakeholders' support and appreciates any feedback for continuous improvement as it advances its sustainability endeavours.</p> <p>For inquiries, questions or additional information regarding this Statement or RCE's sustainability approach, please contact us at <a href="mailto:best.rce@rce.com.my">best.rce@rce.com.my</a>.</p>

### SUSTAINABILITY AT RCE

Sustainability at RCE focuses on a broad commitment to environmental integrity, social equity and economic resilience. We incorporate sustainable principles into our operations and customer service in promoting responsible financing, which is integral to our stakeholder value-creation strategy.

Engaging stakeholders and prioritising responsible governance are central to this sustainability approach. Strategic partnerships help us build a more sustainable future where financial prosperity harmonises with environmental conservation and social well-being, driving lasting impact in our local communities.

#### MESSAGE FROM THE SUSTAINABILITY MANAGEMENT COMMITTEE CHAIRPERSON

Our sustainability strategy seamlessly merges into our value creation model, serving as the cornerstone of our approach. It guides our efforts to achieve economic, environmental and social objectives. Intertwining sustainability principles within business operations creates positive impact in enhancing our organisational resilience and contribution to the community and environment.

# Sustainability Statement

## OUR VALUE CREATION MODEL



- Financial Capital:**
- Initial Investment
  - Funding Sources



- Human Capital:**
- Skills
  - Expertise and Knowledge



- Technological Capital:**
- Infrastructure
  - Software
  - Digital Platform



- Intellectual Capital:**
- Intellectual Property
  - Proprietary Methodologies



- Social and Relationship Capital:**
- Customer Relationship
  - Brand Reputation
  - Partnership



Developing new financial products, services and technologies

Offering financial advice and investments planning in consumer, commercial financing and payroll collection

Assessing and mitigating financial risks for customers and the organisation

Adhering to regulatory requirements and industry standards

Providing financing, investments and other financial products and funding services diversification

# Sustainability Statement

## OUR VALUE CREATION MODEL (CONT'D)



## Sustainability Statement

### SUSTAINABILITY GOVERNANCE

RCE anchors its sustainability governance framework on transparency, accountability and meaningful stakeholder engagement. Ultimately, the Board is responsible for overseeing our sustainability efforts, supported by a clear structure. The Board plays a pivotal role in shaping our sustainability governance framework, ensuring alignment with our values, mission and long-term objectives.

The Sustainability Management Committee (“SMART”) and Sustainability Working Committee assist the Board. Chaired by the Chairman of the Board, Encik Shahman Azman, SMART includes a director, Chief Executive Officer, Group Chief Financial Officer and Chief Business Officer. The Sustainability Working Committee comprises Senior Management and Departmental Heads.

The Board’s strategic guidance and oversight ensure sustainability considerations permeate decision-making processes at the highest level. Meanwhile, the Committees facilitate coordination across departments, incorporating sustainability efforts into operations at all levels. Regular assessments and reporting mechanism, drive continuous improvements and responsible practices.

### Functions of RCE Sustainability Governance Structure



### EMBRACING ACCOUNTABILITY

The Board and Senior Management are accountable for achieving the Group’s EESG goals. Various Board Committees diligently execute their functions as outlined in their respective terms of reference, ensuring the effectiveness of established controls. We tie the performance evaluation of Senior Management to the Group’s core values, sustainability strategies, priorities and targets. Sustainability-related key performance indicators (“KPIs”) are included in the annual appraisal process throughout the Group as a component of remuneration measurement.

## Sustainability Statement

### ENGAGING WITH OUR STAKEHOLDERS

We nurture and maintain valuable relationships through stakeholder engagement. Prioritising open communication and collaboration ensure we address stakeholders' needs, perspectives and concerns in decision-making. Regular dialogues, consultations and feedback mechanisms build trust, transparency and mutual understanding. The following table summarises how we engage with each stakeholder:

#### Business Partners



##### Priorities and Interest Areas

- Expansion opportunities
- Current and upcoming products
- Joint venture opportunities in potential markets
- Collaborative efforts in sustainable investment portfolios

##### How We Engage

- Code of Conduct
- Formal and informal meetings
- Training and briefings
- Corporate website, Facebook and Instagram

##### Frequency

Continuous

#### Investors and Analysts



##### Priorities and Interest Areas

- Comprehensive financial performance analysis
- Exploration of business performance trends and forecasts
- Evaluation of regulatory compliance measures

##### How We Engage

- Annual General Meeting<sup>1</sup>
- Corporate presentations<sup>2</sup>
- Investor relations briefings and roadshows<sup>2</sup>
- Interim financial reports<sup>2</sup>
- Financial statements<sup>1</sup>
- Corporate website<sup>3</sup>

##### Frequency

<sup>1</sup>Annually, <sup>2</sup>Quarterly, <sup>3</sup>Continuous

#### Financiers



##### Priorities and Interest Areas

- Financing services diversification strategies
- Future investment opportunities
- Risk management strategies

##### How We Engage

- Code of Conduct
- Formal and informal meetings
- Financial statements

##### Frequency

Continuous

## Sustainability Statement

### ENGAGING WITH OUR STAKEHOLDERS (CONT'D)

#### Sales Team



##### Priorities and Interest Areas

- Tailored financial solutions
- Market insights
- Potential market and customers

##### How We Engage

- Code of Conduct
- Onboarding programmes
- Formal and informal meetings
- Product briefings
- Training and development programmes
- Regular dissemination of information memorandum

##### Frequency

Continuous

#### Employees



##### Priorities and Interest Areas

- Professional development opportunities
- Collaborative and supportive work culture
- Attractive remuneration
- Work-life integration, safety and well-being

##### How We Engage

- Code of Conduct
- Onboarding programmes
- Policies and Procedures ("P&P")
- Performance appraisals
- Training and development programmes
- Employee wellness – body, mind and soul

##### Frequency

Continuous

#### Government and Regulators



##### Priorities and Interest Areas

- Compliance with applicable laws, regulations and industrial standards
- Consumer credit protection
- Stability and integrity within the financial system

##### How We Engage

- Disclosure and submission of information and compliance
- Training and briefings
- Website and media

##### Frequency

As and when required

#### Customers



##### Priorities and Interest Areas

- Digital transformation
- Competitive products
- Personalised financial advice
- Customer experience
- Customer privacy

##### How We Engage

- Customer service online enquiries through social media, website, email and chatbot
- Customer service hotline
- Over-the-counter customer service

##### Frequency

Continuous

## Sustainability Statement

### ENGAGING WITH OUR STAKEHOLDERS (CONT'D)

#### Suppliers



##### Priorities and Interest Areas

- Timely payments
- Transparent communication
- Long-term partnership opportunities that support mutual growth
- Fair procurement

##### How We Engage

- Code of Conduct
- Communication and transactions
- Formal and informal meetings
- Conduct of due diligence

##### Frequency

Continuous

#### Community



##### Priorities and Interest Areas

- Corporate social responsibility
- Financial literacy
- Contributions to local economic development

##### How We Engage

- Community investment and contributions
- Corporate social responsibility activities and tie-ups

##### Frequency

Continuous

### PRIORITISING WHAT MATTERS MOST

We conduct materiality assessment to ascertain stakeholder interests and integrate them into the business strategy. This helps identify areas critical to our overall performance and viability by clearly understanding their impact on stakeholders. Specific risks and opportunities associated with each material sustainability matter facilitate the efficient allocation of internal resources.

#### THE METHODOLOGY

##### Stakeholder Group Identification

- Internal stakeholders: Senior Management and Departmental Heads.
- External stakeholders: Identify relevant parties outside the organisation.

##### Materiality Analysis with Identified Representatives

- Appoint representatives from various stakeholder groups to ensure diverse representations of perspectives and interests.
- These representatives complete the materiality assessment form to assess the EESG topic and impact on RCE.

## Sustainability Statement

### PRIORITISING WHAT MATTERS MOST (CONT'D)

#### THE METHODOLOGY (CONT'D)

##### Stakeholder Engagement

- Provide open dialogue and feedback to guide representatives in completing the assessment form and ensure their input is captured correctly.

##### Data Collection and Analysis

- Compile the response and calculate the average score for each sustainability matter.
- Each response remains confidential.

##### Priority Rating

- Rate sustainability matters with a score of  $\geq 75\%$  as high,  $\geq 60\%$  as medium and those  $< 60\%$  as low priority.
- Based on stakeholder perceptions, RCE determines this threshold to prioritise issues with significant impact.

##### Materiality Matrix Creation

- Plot sustainability matters on the matrix according to their significance (high, medium or low priority) and impact on the organisation.
- This matrix shows the most critical EESG issues that require attention and management focus.

##### Validation and Review

- Validate findings with key stakeholders, including Senior Management and Departmental Heads.
- Review materiality matrix periodically to ensure it reflects stakeholders' evolving priorities and concerns.
- Incorporate feedback and adjust methodology as necessary to improve accuracy and relevance.

##### Communication and Integration

- Communicate results of materiality assessment to relevant stakeholders.
- Incorporate findings into strategic planning, risk management, compliance and ethics frameworks to drive informed decision-making as well as prioritise resource allocation.

##### Continuous Improvement

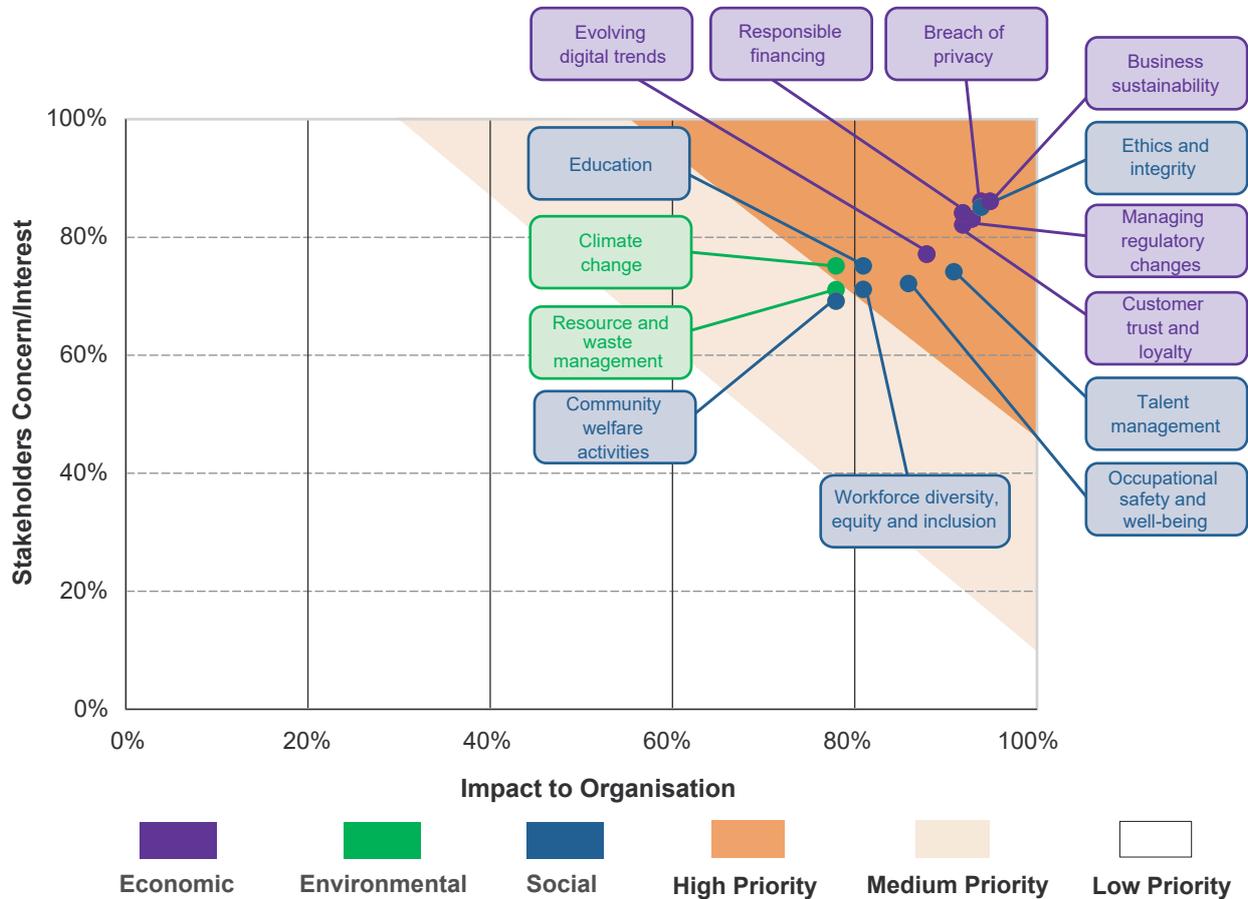
- Refine methodology based on lessons learned and emerging best practices in sustainability reporting and stakeholder engagement.
- Foster a culture of transparency and accountability on EESG impact within the organisation.

# Sustainability Statement

## PRIORITISING WHAT MATTERS MOST (CONT'D)

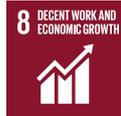
### THE METHODOLOGY (CONT'D)

The assessment is conducted once every two years and was last conducted in FYE 2023. Summary of the last assessment is shown below:



We plan to carry out our next review in the following financial year.

We aligned our materiality priority topics with UNSDGs to work towards addressing societal, environmental challenges and sustainable development:

ECONOMIC	What We Do	Relevant UNSDGs
Business Sustainability	We create sustainable stakeholder value by integrating EESG and Shariah-compliant financing principles. Embedding sustainability practices in daily operations reduce disruptions and allow for the adoption of technology for efficiency. Collaboration with industry peers and membership in relevant organisations drive innovation. Our stable funding reflects financial strength and commitment. Strong collection management, risk assessments and Business Continuity Management (“BCM”) deliver revenue stability and regulatory adherence, safeguarding uninterrupted operations.	 

## Sustainability Statement

### PRIORITISING WHAT MATTERS MOST (CONT'D)

#### THE METHODOLOGY (CONT'D)

ECONOMIC	What We Do	Relevant UNSDGs
Responsible Financing	We emphasise responsible financing and equitable customer treatment by maintaining transparency in all operational facets, which include providing comprehensive product information, timely and reliable data processing and swift complaint solution.	
Managing Regulatory Changes	We cultivate a vigilant employee culture to adhere strictly to applicable laws, regulations, industry standards and anti-corruption requirements. Continuous monitoring, engagement with regulatory authorities and regular policy review allow us to adopt practices that maintain compliance.	 
Evolving Digital Trends	We leverage opportunities from the digital economy to enhance customer experience, optimise operations and expand our market presence. Adopting technology drives digital innovation as we prioritise customer onboarding and digitalisation, delivering uninterrupted services.	
Customer Trust and Loyalty	We respond promptly to inquiries and requests by providing access through multiple channels such as social media, website, email, chatbot and hotline while in-person visits build trust and customer loyalty. Our commitment to courteous, efficient service and thorough investigation into operational issues or complaints deliver timely solutions.	  
Breach of Privacy	We place importance on our internal control framework to protect the privacy and security of data and intellectual properties. We enforce a zero-tolerance policy towards privacy breaches by monitoring and protecting all personal information during the collection, handling and storage stages to mitigate the risk of potential data and intellectual property leakages.	 

# Sustainability Statement

## PRIORITISING WHAT MATTERS MOST (CONT'D)

### THE METHODOLOGY (CONT'D)

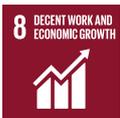
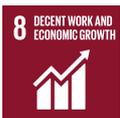
ENVIRONMENTAL	What We Do	Relevant UNSDGs
Climate Change	We monitor energy consumption, carbon emissions and implement measures to reduce greenhouse gas (“GHG”) emissions. Our risk management process identifies and mitigates climate-related risks. We engage with stakeholders for insight and support on climate change solutions.	 
Resource and Waste Management	We promote sustainability and minimise environmental impact by employing waste management strategy for resources. Our waste management strategy emphasises proper disposal of various types of waste while raising environmental awareness in the workplace and at home.	   



## Sustainability Statement

### PRIORITISING WHAT MATTERS MOST (CONT'D)

#### THE METHODOLOGY (CONT'D)

SOCIAL	What We Do	Relevant UNSDGs
Ethics and Integrity	We emphasise on ethics, integrity, transparency, accountability and compliance to applicable laws and regulatory standards. This extends to the supply chain with sustainability guidelines enforced.	 
Talent Management	We establish talent management framework for recruitment, development and retention. Training and career advancement programmes offer diverse skill upgrading opportunities and on-the-job training sessions facilitate practical experience.	
Occupational Safety and Well-being	We place importance on employee safety and well-being, ensuring compliance with Occupational Safety and Health Policies to mitigate workplace risks. Safety campaigns and equipment inspections are carried out periodically. Initiatives focusing on well-being and mental health aim to improve employees' overall health.	 
Workforce Diversity, Equity and Inclusion	We recruit talents from diverse backgrounds, ensuring equal career opportunities irrespective of race, religion, gender, age, sexual orientation, disability status or nationality.	 
Education	Our collaboration with Yayasan Azman Hashim ("YAH") provides underprivileged youth with access to quality education and empowers them to reach their full potential. Offering study grants and sponsorships for full-time Association of Chartered Certified Accountants qualification programme helps aspiring individuals pursue academic and professional excellence.	 
Community Welfare Activities	We engage in community welfare activities through donations, sponsorship, partnerships and tie-ups to uplift those in need.	

## Sustainability Statement

### ECONOMIC SUSTAINABILITY

#### CORPORATE STRATEGY

As a non-bank financial institution, our core business provides ethical financial solutions within an end-to-end Shariah-compliant financing ecosystem. Our strategy ensures robust Shariah governance, encourages a culture of knowledge sharing and swift adaptability to evolving regulations as well as digital advancements for operational efficiency.

#### SHARIAH GOVERNANCE

##### Regular Shariah Compliance Review

- Independent Shariah consultants perform annual comprehensive process review of our operations to ensure Shariah governance frameworks are implemented correctly.

##### Ongoing Shariah Advisory Support

- Independent Shariah consultants provide day-to-day operational advice whenever necessary, ensuring that our practices align with Shariah principles and standards.

##### Employee and Sales Team Education/ Training

- Regular training sessions and sharing of newsletters deepen our employees' and Sales Team's understanding of Shariah principles and their application in offering financial services.
- 4 training sessions were conducted by independent Shariah consultants for employees and Sales Team.
- 12 Shariah awareness articles were issued internally within the Group.

#### BUSINESS SUSTAINABILITY

Business sustainability at RCE involves integrating EESG principles and managing associated risks to ensure medium to long-term value creation for stakeholders.

We are guided by:

- Best practices;
- Ethical sales channels;
- Risk-based pricing products;
- Alignment to the development of technologies; and
- Process automation.

Collaboration drives innovation and progress within the financial services industry. Joining organisations such as the Institute of Corporate Directors Malaysia provide us with valuable insights, best practices and networking opportunities.



## Sustainability Statement

### ECONOMIC SUSTAINABILITY (CONT'D)

#### BUSINESS SUSTAINABILITY (CONT'D)

##### *DEVELOPING BRAND PRESENCE AND COLLABORATION WITH BUSINESS PARTNERS (“BPs”)*

As a responsible financier, we developed Shariah-compliant products that cater for those in need and engage them through various channels such as offline and online marketing or advertising campaigns. Implementing these actions elevates our brand presence, cultivate trust and visibility to attract new customers.

We promote financial products that consider repayment capabilities and credit assessment backgrounds of customers. This ensures that our product line-up remains relevant to meet the existing and potential customers’ evolving requirements.

During the financial year, we organised in-person corporate social responsibility (“CSR”) activity with National Kidney Foundation (“NKF”) and Breast Cancer Welfare Association Malaysia (“BCWA”) featuring free health screenings.



*Free Health Screenings Organised in Collaboration with NKF and BCWA*

Several roadshows in collaboration with BPs were also carried out at various venues to boost brand presence.



*Roadshows Conducted in Various Venues*

Other steps taken to elevate brand presence include advertisements across social media platforms for online reach.

## Sustainability Statement

### ECONOMIC SUSTAINABILITY (CONT'D)

#### BUSINESS SUSTAINABILITY (CONT'D)

##### STABLE FUNDING WITH PRUDENT ASSET-LIABILITY MANAGEMENT

Stable funding is crucial to ensure no disruption to operations. We manage our operating cash flows and seek funding from diverse sources.

Our RM2.00 billion Sukuk Murabahah Asset-Backed Securitisation Programme (“Sukuk Murabahah ABS Programme”), established in March 2019 through Zamarad Assets Berhad (“ZAB”) delivers long-term funding stability.

We have issued nine tranches totalling RM1.59 billion, with the latest tranche issued on 10 August 2023 amounting to RM254.0 million.

Tranche	Issuance Date	Subscription		
		External	Internal*	Amount
		RM'million	RM'million	RM'million
1	27.03.2019	240.0	25.0	265.0
2	26.07.2019	100.0	8.0	108.0
3	19.11.2019	120.0	8.0	128.0
4	7.09.2020	120.0	7.0	127.0
5	25.11.2020	100.0	7.0	107.0
6	8.07.2021	100.0	24.0	124.0
7	28.03.2022	210.0	45.0	255.0
8	25.11.2022	175.0	44.0	219.0
9	10.08.2023	205.0	49.0	254.0
<b>Utilised Amount</b>		<b>1,370.0</b>	<b>217.0</b>	<b>1,587.0</b>
<b>Unutilised Amount</b>				<b>413.0</b>

\* Internally subscribed by an indirect subsidiary.

The RM2.00 billion Sukuk Murabahah ABS Programme incorporates a Revolving Option (“RO”), marking the first securitisation programme in Malaysia with such feature. The feature enables ZAB to procure additional receivables from the Originator, RCE Marketing Sdn Bhd (“RCEM”) by utilising surplus funds from the sinking funds. Consequently, the proceeds will be utilised for new disbursements ensuring ongoing funding and minimising negative carry for the Group.

On 16 August 2023, ZAB won the “Best Securitization Sukuk of The Year 2023” award in relation to Tranches 7 and 8 issuance by The Asset Triple A Islamic Finance Awards amounting to RM474.0 million.

In addition to ZAB’s RM2.00 billion Sukuk Murabahah ABS Programme, the Group also operates another RM900.0 million Sukuk Murabahah ABS Programme established in March 2016 via Al Dzahab Assets Berhad (“ADA”). Since March 2018, ADA has fully utilised its programme limit with five tranches issued. The outstanding obligation continues to be serviced utilising collections received from the underlying securitised receivables.

Both ZAB and ADA’s Sukuk Murabahah ABS Programmes are rated by RAM Rating Services Berhad. The rating upgrade and reaffirmation over these financial years demonstrate that the quality of the underlying securitised receivables remain sound.

## Sustainability Statement

### ECONOMIC SUSTAINABILITY (CONT'D)

#### BUSINESS SUSTAINABILITY (CONT'D)

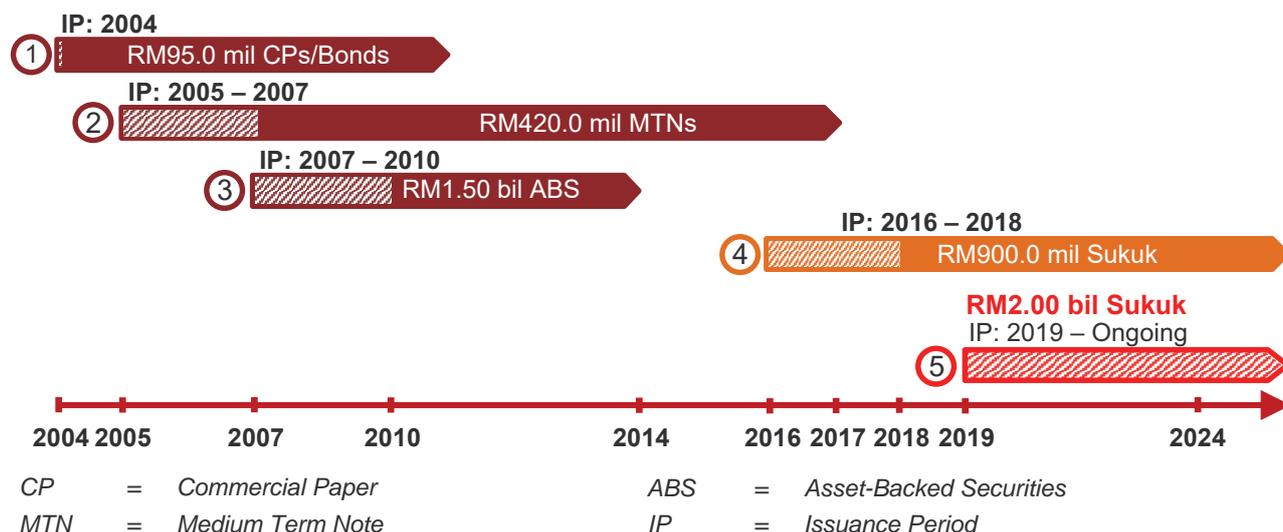
##### STABLE FUNDING WITH PRUDENT ASSET-LIABILITY MANAGEMENT (CONT'D)

The expected and early redemptions by ZAB and ADA align with the Group's stance in honouring its obligations, thereby instilling confidence among investors. Besides, the Group has maintained a track record of redeeming all of its prior debt securities programmes in full either early or on maturity as follow:

#### DEBT MARKET FUNDING

1. RCE Premier	RM95.0 mil CPs/Bonds	MARC: A	October 2004	Fully Redeemed October 2010	6.3% - 8.6%
2. RCE Advance	RM420.0 mil MTNs	MARC: A+	December 2005	Fully Redeemed March 2017	7.8%
3. Tresor Assets	RM1.50 bil ABS	RAM: AAA	November 2007	Early Redeemed September 2014	6.5%
4. ADA	RM900.0 mil ABS Sukuk	RAM: AAA	March 2016	Fully Issued March 2018	5.5%
5. ZAB	RM2.00 bil ABS Sukuk	RAM: AAA & AA2	March 2019	9th Issuance August 2023	4.5%

Note: The above rates represent all-in cost.



In this financial year, we have successfully secured RM895.0 million new financing facilities comprising:

- Two secured long-term financing facilities amounting to RM600.0 million;
- Two secured short-term financing facilities totalling RM165.0 million; and
- Two unsecured short-term financing of RM130.0 million.

These facilities provide flexibility for the Group in maintaining an optimal mix of fixed and floating rates.

As at 31 March 2024, we maintained business relationships with a network of more than ten financiers to ensure adequate liquidity for operations purposes.

## Sustainability Statement

### ECONOMIC SUSTAINABILITY (CONT'D)

#### BUSINESS SUSTAINABILITY (CONT'D)

##### *ROBUST COLLECTION MANAGEMENT INFRASTRUCTURE FOR A SMOOTH REVENUE SYSTEM*

A business' stability relies on steady cash inflow as a safety net for future financial hurdles. Maintaining a robust collection management infrastructure generates consistent revenue stream and mitigates bad debt risks, ensuring sufficient cash flow to support business' liquidity.

Our collection strategy starts with rigorous credit checks and meticulous customer onboarding process. We assess customers' repayment capabilities using a credit scoring model with control measures comprised of:

- Gathering relevant credit information;
- Conducting customer interviews; and
- Documenting the purpose of financing for transaction monitoring.

The Group has engaged two collection management service providers:

- EXP Payment Sdn Bhd, a wholly-owned subsidiary of the Group; and
- Biro Perkhidmatan Angkasa, the provider of the ANGKASA Salary Deduction System.

These entities are responsible for the deduction of monthly salary collections, ensuring that deductions adhere to the maximum limits permitted by employers and regulators. Automated systems monitor monthly collections, which track the booking and activation of salary deduction according to specified timelines. Any accounts found to be in arrears or default in payment trigger prompt recovery actions.

We make immediate contact with customers and their employers, followed by issuance of reminders for outstanding payments. Non-performing accounts are then transferred to collection agencies and as a last resort, legal action is pursued against defaulters.

##### *INTERNAL RISK ASSESSMENT TO REVIEW THE EFFECTIVENESS OF ESTABLISHED CONTROLS*

We conduct periodic internal risk assessments to evaluate the effectiveness of established controls and identify areas requiring additional measures. Various Board Committees help the Board maintain effective internal risk management and compliance with their respective terms of reference to oversee good corporate governance.



## Sustainability Statement

### ECONOMIC SUSTAINABILITY (CONT'D)

#### BUSINESS SUSTAINABILITY (CONT'D)

##### INTERNAL RISK ASSESSMENT TO REVIEW THE EFFECTIVENESS OF ESTABLISHED CONTROLS (CONT'D)

The Board receives regular update on matters discussed from these Committees. Documented decisions and/or recommendations are disseminated for the Board's review or approval. Ultimately, the Board is responsible for the Group's risk management and internal control system, including its adequacy and effectiveness.

##### Audit Committee ("AC")

- Monitors the integrity of financial statements, risk management and internal controls
- Evaluates the effectiveness of external and internal audit processes
- Reviews conflicts of interest and related party transactions, if any

##### Risk Management Committee

- Comprises selected members from the Board and Senior Management
- Oversees the risks encountered by the Group and reports to AC
- Operates following the guidelines outlined by the Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management - Integrating with Strategy and Performance Framework
- Monitors and manages risk exposure while reporting to AC and implements corrective action plans within the stipulated timeline

##### Compliance, Operations and Methods Department

- Performs regular compliance and process improvement reviews
- Refines P&P to ensure these remain relevant and effective
- Initiates control self-assessment review by Departmental Heads on a half-yearly basis to identify if existing risk profile and controls are still relevant, effective and practicable

##### BUSINESS CONTINUITY MANAGEMENT ("BCM") TO BUILD RESILIENCE AGAINST UNFAVOURABLE EVENTS

BCM is vital in identifying operational risks and devising strategies to maintain uninterrupted business functions during disruptions or crises.

Our BCM components include but not limited to:

- Risk evaluation and business impact analysis on affected departments;
- Developing Business Continuity Plans ("BCPs") to conduct operations during disruptions, including remote working arrangements;
- Refining P&P to redefine the scope and reach of BCM;
- Initiating BCM processes before, during and after crises by the BCM Incident and Recovery Management Team;
- Implementing BCM procedures by key designated employees in each department;
- Establishing business continuity sites and backup infrastructure to carry out operations if physical premises are compromised; and
- Testing BCPs and regular penetration tests to identify security vulnerabilities.

## Sustainability Statement

### ECONOMIC SUSTAINABILITY (CONT'D)

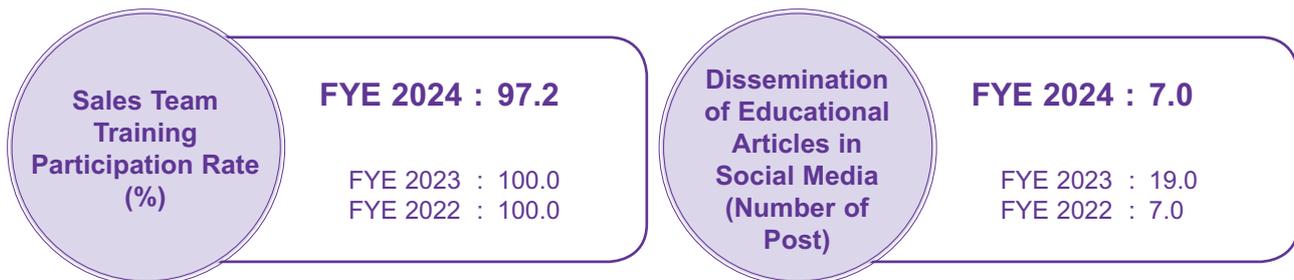
#### RESPONSIBLE FINANCING

We foster responsible financing and treat our customers fairly through our range of Shariah-compliant financing products and services. Our goal is to maintain fairness culture in understanding the customers' needs.

Customer interactions are central to our approach as we:

- Provide explicit product information;
- Transparently outline how customer data are processed;
- Manage data usage and storage protocols;
- Document customer verification process for future reference and service improvement;
- Obtain customers' consent before proceeding with transactions; and
- Swiftly resolve any complaints to mitigate potential legal and reputational risks.

RCE trains its Sales Team to prevent mis-selling and ambiguity in product selling. Disseminating financial management articles educates the public across various platforms, including RCE's and BP's official websites along with our marketing partners featured on <https://www.as-sidq.com> and <https://ringgitplus.com>.



#### MANAGING REGULATORY CHANGES

Managing regulatory changes is paramount for RCE as a Shariah-compliant financial service provider. Any actual or potential regulatory non-compliance could adversely impact our credibility.

Continuously monitoring industry developments, participating in relevant events and engaging with regulatory authorities allow us to stay ahead, proactively adapting our practices to ensure compliance. Regular review and update of our P&P and a culture of vigilance among employees ensure strict adherence to guidelines, regulations and industry standards.

In FYE 2024, there were no claims of non-compliance.



## Sustainability Statement

### ECONOMIC SUSTAINABILITY (CONT'D)

#### EVOLVING DIGITAL TRENDS

Recognising the pivotal role of digitalisation, we embrace improvements to enhance customer experience, improve operational efficiency and broaden market reach. Timely adoption of technology trends streamlines our processes for digital transformation.

In October 2021, the Group launched ePanta\$, which provides one-click financing solutions to customers. This user-friendly platform includes straightforward step-by-step guide, electronic Know-Your-Customer verification and digital signature for enhanced security.



The Group invested RM2.4 million in digitalisation initiatives to ensure core systems are available at full capacity in the event of disruption or crisis.

Regular penetration testing by external consultants mitigate cybersecurity risk and provide safeguards in response to evolving threat.

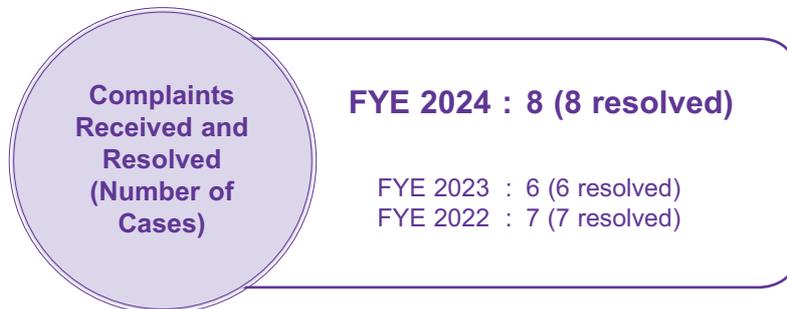
Outsourcing of Information Technology (“IT”) audit to independent consultant is necessary to obtain professional assurance and quality benchmarking in this fast-changing environment. These complement future investments in technology upgrades or process automation.

#### CUSTOMER TRUST AND LOYALTY

Our commitment to address inquiries and requests on the same or next working day builds trust and long-term customer loyalty. Customers can reach our Customer Service Specialists through social media, email, virtual chat, hotline and face-to-face visits during specified hours.

We strive to serve customers courteously, thoroughly investigating issues or complaints to ensure timely solution.

In FYE 2024, a total of eight complaints were received and resolved.



We continuously seek innovative solutions that enhance customer experience and reinforce brand loyalty with our motto, “Customer for Life”.

## Sustainability Statement

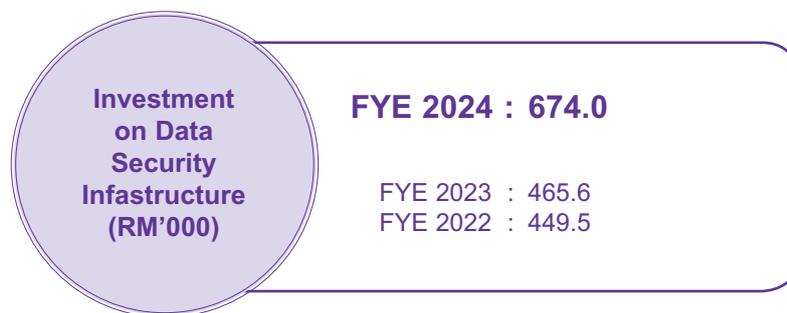
### ECONOMIC SUSTAINABILITY (CONT'D)

#### BREACH OF PRIVACY

Given the heightened risks of data and intellectual property breaches in today's technological landscape, we introduced preventive measures as part of our zero-tolerance approach to privacy breaches:

- IT Handbook on guidelines for good security practices and protecting information assets;
- Information Security Policy to control access to confidential information on a need-to-know basis, data retention and disposal management;
- Backup Policy to ensure secure backup of data and systems, outlining the process for storage, handling and disposal of backup media;
- Incident response procedures for security incidents;
- Mandatory Personal Data Protection Act 2010 ("PDPA") briefings for new recruits during onboarding;
- Privacy Notice available online for easy access;
- Non-disclosure agreements with third-party service providers before we provide any non-publicly available information such as customers' personal data;
- Yearly compliance undertakings from employees pledging their compliance with applicable laws and regulations; and
- Non-competition clause in employment agreements and Employee Handbook to deter attempts in revealing proprietary information of the Group during and after employment.

In FYE 2024, we invested an additional RM674,038 in data security infrastructure to enhance cybersecurity protection and upgrade of backup solutions. Accredited security partner will be engaged for areas requiring independent validation.



No incident of data leaks, theft or losses of customer data were reported during the financial year, including complaints from outside parties or regulatory bodies.

### ENVIRONMENTAL SUSTAINABILITY

We recognise the importance of environmental sustainability and its unfavourable effects associated with short- and long-term business risk. We mitigate these by working with relevant stakeholders to reduce our environmental impact, conserve resources and embrace eco-friendly practices, ensuring a healthier planet for all.

The impact of climate change is a significant threat to humanity and our business operations. We assess and address climate change risks that directly impact our business.

## Sustainability Statement

### ENVIRONMENTAL SUSTAINABILITY (CONT'D)

#### CLIMATE CHANGE

Our climate change approach is aligned with various frameworks and initiatives including:

- UN SDG 13: Climate Action;
- Bank Negara Malaysia: Climate Change and Principle-based Taxonomy;
- Global Compact Malaysia (MyClimate Action Guide); and
- Malaysian Government's National Policy on Climate Change.

Since FYE 2022, we have begun monitoring our energy consumption and carbon emissions performance to identify opportunities for energy savings. Current measures implemented to promote a reduction in GHG emissions include:

- Turning off all office lights and equipment during breaks and before leaving the office;
- Minimising unnecessary printing;
- Conducting hybrid training or meetings that favour virtual formats, which do not require the setup of IT infrastructure, leading to lower electricity consumption; and
- Favouring laptops, which produce higher energy efficiency than desktop computers.

#### COLLECTIVE EFFORTS IN ADDRESSING CLIMATE CHANGE

RCE has been a member of the Corporate Friend of Climate Governance Malaysia ("CGM") since July 2021. This membership aligns with the Group's initiatives in resource management, minimising ecological footprints and adapting to the impact of climate change, other than providing an avenue for keeping abreast with environmental issues or industry best practices.



In July 2024, RCE further enhanced its sustainability efforts by joining ESG Association Malaysia. This membership offers access to ESG tools, resources and training, strengthening RCE's capacity to advance its climate action and environmental stewardship.

As a financial service provider, we encourage our existing and potential customers to minimise the impact of climate change although our business model does not rely heavily on energy consumption or produce significant emissions. Our action may potentially prompt the customers and the community to be aware of climate change risk.

We recognise the importance of climate change and our responsibility to address the 2-degree scenario outlined at the 26<sup>th</sup> United Nations Climate Change Conference 2021. Actions have been taken to strengthen our disclosure on climate related risks following announcement by Bursa on Enhanced Sustainability Reporting Framework, including managing our energy consumption and carbon emissions.

#### ENERGY MANAGEMENT'S ROLE IN CLIMATE ACTION

As climate change may possibly pose destructive consequences on our business, we take steps to contain the impact.

The Sustainability Working Committee devises plans to manage and minimise our environmental footprint. Periodically, progress reports and/or proposals on energy management are presented and notified to SMART and the Board respectively.

We have invested RM62,030 in FYE 2024 for the development of climate and energy management strategies and improvement to our carbon data accuracy.

## Sustainability Statement

### ENVIRONMENTAL SUSTAINABILITY (CONT'D)

#### CLIMATE CHANGE (CONT'D)

##### ENERGY MANAGEMENT'S ROLE IN CLIMATE ACTION (CONT'D)

Apart from the above, we have implemented a tracking system to monitor operational GHG emissions and energy consumption.

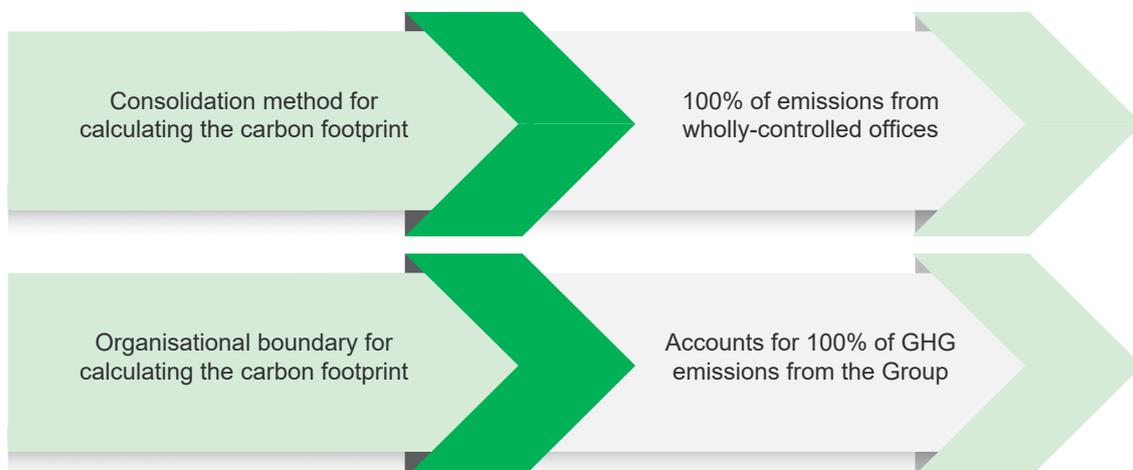
Climate change affects operating costs ("OPEX") and capital expenditures ("CAPEX") as the heightened frequency and severity of extreme weather events may disrupt business operations.

For instance, shifts in climate patterns can impact customers' credit risk profile. Customers in flood-prone areas may encounter financial difficulties due to climate-related disruptions, leading to inability to repay their obligations. As such, we may need additional resources for credit risk management processes, enhanced monitoring and evaluation of financing portfolios, thereby potentially increasing OPEX as well as CAPEX.

We emphasise on reduction of GHG emissions in the following areas:

Carbon Footprint Scopes	What We Do
Direct energy consumption within the organisation (scope 1)	<ul style="list-style-type: none"> <li>Monitoring and recording the company vehicles' petrol and diesel use</li> </ul>
Indirect energy consumption from energy use (scope 2)	<ul style="list-style-type: none"> <li>Monitoring and recording the electricity consumption across our entire operations located in Kuala Lumpur and Sarawak</li> <li>Lighting 100% of our offices with Light Emitting Diode</li> </ul>
Energy consumption outside the organisation from various stakeholders (scope 3)	<ul style="list-style-type: none"> <li>Raising employee awareness of public transportation and carpooling options</li> <li>Measuring the overall environmental impact of the supply chain, including business and employee commuting</li> </ul>

#### CARBON FOOTPRINT CALCULATIONS



## Sustainability Statement

### ENVIRONMENTAL SUSTAINABILITY (CONT'D)

#### CLIMATE CHANGE (CONT'D)

#### CARBON FOOTPRINT CALCULATIONS (CONT'D)

Scope	Coverage and Organisational Boundary	Consolidation Method
1	Comprises 100% of emissions from offices that RCE wholly controls. Primarily, the energy consumption at these locations is fuel utilised in corporate transportation. This consumption pattern aligns with the increased physical activities required to fulfil external commitments.	Total energy consumption is determined from: <ul style="list-style-type: none"> <li>Fuel using energy conversion factors specified in the Malaysia Energy Statistics Handbook (2020).</li> <li>Electricity using the standard unit of energy in the International System of Units with 1 kWh equating to 0.0036 GJ.</li> </ul>
2	Comprise 100% of energy consumption from electricity usage in our Kuala Lumpur office and Sarawak Service Centre. The usage covers various operations aspects, including lighting, cooling systems and equipment.	The Group computes its Scopes 1, 2 and 3 emissions using the GHG Protocol Corporate Accounting and Reporting Standard. The emission factors for all GHG following the Global Warming Potentials outlined in the Intergovernmental Panel on Climate Change Sixth Assessment Report are based on a 100-year timeframe.
3	Comprise 100% operational GHG emissions from the entire workforce's business travelling and employees' daily commute to work.	The calculation methodology conforms to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories in line with the standards set by the Malaysian Green Technology and Climate Change Corporation, the government's primary agency for green technology.  Reported Scopes 1, 2 and 3 emissions adhere to the GHG Protocol, employing the operational control approach.

**Scope 1:  
Emissions  
(tCO<sub>2</sub>eq)**

**FYE 2024 : 21.9**

FYE 2023 : 19.0  
FYE 2022 : 15.5

**Scope 2:  
Emissions  
(tCO<sub>2</sub>eq)**

**FYE 2024 : 151.6**

FYE 2023 : 155.0  
FYE 2022 : 150.2

**Total Scopes 1  
and 2 Emissions  
(tCO<sub>2</sub>eq)**

**FYE 2024 : 173.5**

FYE 2023 : 174.0  
FYE 2022 : 165.7

**Total Scopes 1  
and 2 Emissions  
per Employee  
(tCO<sub>2</sub>eq)**

**FYE 2024 : 0.85**

FYE 2023 : 0.90  
FYE 2022 : 0.94

# Sustainability Statement

## ENVIRONMENTAL SUSTAINABILITY (CONT'D)

### CLIMATE CHANGE (CONT'D)

#### CARBON FOOTPRINT CALCULATIONS (CONT'D)

**Scope 1: Fuel Consumption (Litres)**

**FYE 2024 : 11,438.8**

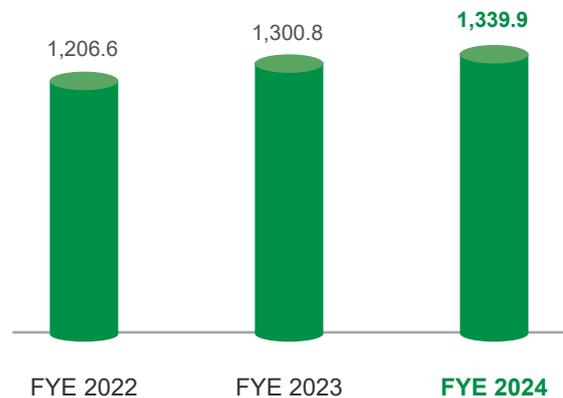
FYE 2023 : 9,852.6  
FYE 2022 : 8,096.1

**Scope 2: Electricity Consumption (kWh)**

**FYE 2024 : 268,835.0**

FYE 2023 : 272,306.0  
FYE 2022 : 261,944.0

#### Total Energy Consumption (GJ)



**Average Energy Intensity Per Employee (GJ)**

**FYE 2024 : 6.6**

FYE 2023 : 6.7  
FYE 2022 : 6.8

Total energy consumption increased in the current financial year mainly due to higher company vehicles' fuel usage from increased transportation activities for business operations. Nevertheless, the average energy intensity per employee declined slightly, reflecting more efficient use of energy.

#### SCOPE 3: EMPLOYEES' DAILY COMMUTE TO WORK

Significant carbon dioxide emissions are generated by the daily commute of our employees travelling to and from the workplace. In FYE 2024, we began to track:

- Total distance of employees commuting to and from the workplace;
- Mode of transport; and
- Vehicle type, engine size and fuel type if employees used their own vehicles.

If multiple modes of transport were used, all legs of the journey are captured separately to ease the tracking process.

We calculated the annual emissions for each employee using the emission factors from cross-sector tools by the GHG Protocol with an estimated average of 242 working days annually.

**Scope 3 GHG Emission (tCO<sub>2</sub>eq)**

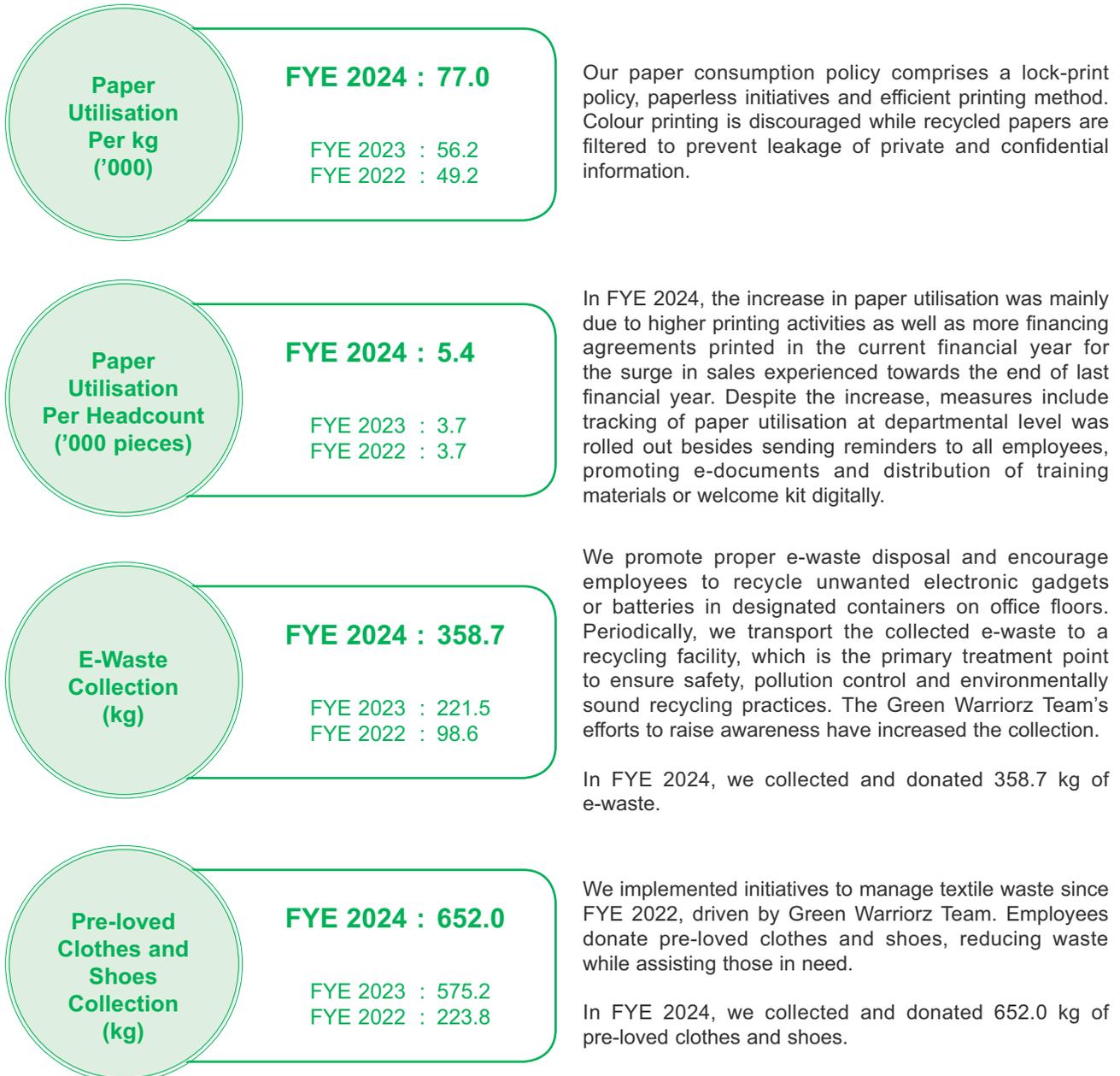
**FYE 2024 : 377.0**

## Sustainability Statement

### ENVIRONMENTAL SUSTAINABILITY (CONT'D)

#### RESOURCE AND WASTE MANAGEMENT

Our business does not produce hazardous or radioactive waste, therefore we focus on solid waste management.

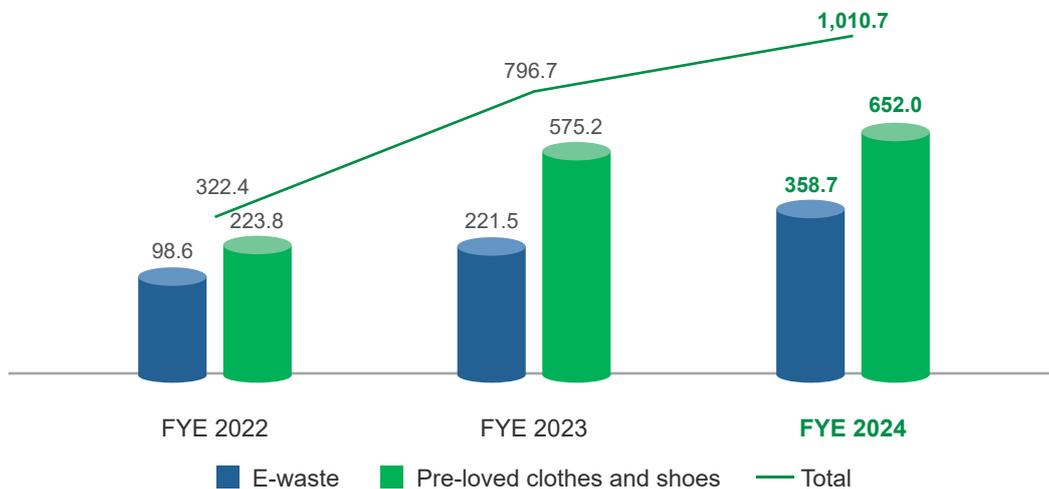


## Sustainability Statement

### ENVIRONMENTAL SUSTAINABILITY (CONT'D)

#### RESOURCE AND WASTE MANAGEMENT (CONT'D)

With the increase in e-waste and pre-loved clothes and shoes collection, the total waste diverted from disposal increased accordingly as shown below:



#### Other Initiatives:



- Recycling systems for supplies, equipment and furniture to minimise waste



- E-waste and pre-loved clothes and shoes collection for proper disposal as well as donation



- Offering pre-loved office equipment or vehicles to employees via bidding



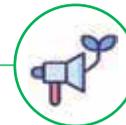
- Promoting electronic communication



- Encouraging reusable items for takeout meals



- Eliminating unnecessary paper usage



- Educating employees on eco-friendly practices and sustainable lifestyle both at work and home

## Sustainability Statement

### ENVIRONMENTAL SUSTAINABILITY (CONT'D)

#### RESOURCE AND WASTE MANAGEMENT (CONT'D)

Similar to previous financial year, there were no confirmed incidents, monetary or non-monetary sanctions nor cases that were brought to our attention for non-compliance with environmental laws and regulations.



Waste Collection Arranged by Green Warriorz Team

#### WATER MANAGEMENT

While we operate outside water-stressed regions and our water consumption is not substantial, we target to minimise daily water usage. Internally, efforts are underway to increase employee awareness regarding water conservation practices.

In FYE 2024, we started monitoring water consumption for our Kuala Lumpur office and Sarawak Service Centre.

Volume  
water used  
(m<sup>3</sup>)

FYE 2024 : 266.9

## Sustainability Statement

### SOCIAL SUSTAINABILITY

We prioritise employee well-being by promoting human rights, diversity and inclusion, guided by integrity and ethical values. We communicate our labour standards stance and policy to all employees in English as it is the most commonly used business language. These are also translated into Bahasa Malaysia, where necessary.

#### ETHICS AND INTEGRITY

We focus on ethics and integrity with core values of transparency, openness and accountability. We uphold a strict zero-tolerance policy against corruption or unethical business conduct, including bribery, kickbacks, fraud, money laundering and facilitation payments.

The Board oversees and ensures RCE communicates these principles effectively to all employees through the Code of Conduct (“COC”), which addresses key areas such as compliance with applicable laws and regulations, Anti-Bribery and Corruption (“ABC”) Policy, conflict of interest, fair competition, confidential information, insider trading and anti-money laundering and anti-terrorism financing.

Our ABC policy is guided by TRUST principles:

- **T** – Top level commitment;
- **R** – Risk assessment;
- **U** – Undertake control measures;
- **S** – Systematic review, monitoring and enforcement; and
- **T** – Training and communication.

These policies and guidelines apply to all Board members who have undergone the required regulatory education and training.

All employees, including new hires and Sales Team, must participate in the annual training session on anti-corruption and related subjects. This training addresses various forms of misconduct, including corruption and bribery, followed by a quiz to confirm their understanding.

In this financial year, we have engaged an external consultant to conduct a review on the ABC Policy, providing assurance that it remains effective.

In FYE 2024, no employee was reprimanded or dismissed as a result of bribery or corruption violations. Similarly, there were no cost of fines, penalties or settlements in relation to bribery or corruption violations.

#### MECHANISMS IN UPHOLDING ETHICS AND INTEGRITY

##### Whistleblowing

- Whistleblowing platforms are available via our hotline and corporate website: [https://www.rce.com.my/whistle\\_blowing.php](https://www.rce.com.my/whistle_blowing.php).
- The Whistleblowing Policy provides a mechanism for employees and the public to raise genuine concerns about actual or suspected wrongdoing, unethical behaviour and misconduct, including corruption and bribery.
- The Whistleblowing Policy includes a Non-retaliation Policy to protect employees from adverse action for reporting.
- We treat reports confidentially and investigate them thoroughly, taking appropriate disciplinary action when necessary. The IA Department administers the mechanism, overseen by AC and is totally independent from the management.
- We train our Departmental Heads to effectively address report received, which may include instances of bullying, harassment and/or other integrity violations.
- Our Whistleblowing Policy is reviewed once every three years or as and when necessary.

## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### ETHICS AND INTEGRITY (CONT'D)

##### *MECHANISMS IN UPHOLDING ETHICS AND INTEGRITY (CONT'D)*

###### Policies and Guidelines on Contributions

- Our contributions and sponsorships focus on the following areas: education and community welfare.
- Political donations or sponsorships are strictly prohibited unless permitted by laws and approved by the Board. In FYE 2024, there were no political contributions made by the Group.
- Our due diligence process screens the recipients of contributions and sponsorships.

###### Risk Assessment

- Corruption risks, including bribery, are essential elements in designing effective mitigation strategies and deploying resources to combat potential instances of bribery and corruption.

###### Employee Handbook and Code of Conduct

- These documents provide guidance to employees making ethical decisions based on ethics, integrity and confidentiality.
- We communicate these principles and guidelines to all employees, which are accessible via the intranet.
- Employees must sign an annual declaration of undertaking pledging their compliance with all applicable laws and regulations, including adherence to risk management and internal control.
- The Employee Handbook is accessible from the intranet.
- The Code of Conduct is available in intranet and corporate website: [www.rce.com.my](http://www.rce.com.my).

##### *SUSTAINABLE ENVIRONMENTAL AND SOCIAL SUPPLY CHAIN*

We communicate with the supply chain partners such as Sales Team, vendors, suppliers and contractors of our expectations on environmental and social responsibilities.

Due diligence and credit assessments on the supply chain are performed prior to onboarding, covering background of the directors, financial performance and track records.

Any non-compliance is subject to disciplinary action, including issuing warning letters, disqualifying from incentive programmes or termination of appointment.

No cases of non-compliance were discovered and no supply chain partners were terminated in regards to bribery or corruption violation throughout FYE 2024.

## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### ETHICS AND INTEGRITY (CONT'D)

#### SUSTAINABLE ENVIRONMENTAL AND SOCIAL SUPPLY CHAIN (CONT'D)

Social responsibility is necessary to protect the entire supply chain ecosystem. The following were the initiatives implemented:

##### Governance

- We have incorporated the social supply chain policy and practices into contracts with supply chain such as:
  - o Compliance with relevant employment laws, rules and regulations;
  - o Exhibit professional conduct at all times;
  - o Possess recognised quality certifications or equivalent quality assurance; and
  - o Protect employee health and safety in the workplace.

##### Communication and Training

- We support supply chain through continuous capacity building and sharing of best practices.

##### Risk Assessment

- New and existing major supply chain undergo social risk assessment as part of due diligence to ensure they comply with our standards.
- We assess major supply chain informally, formally and if necessary through physical inspection audits.

##### Monitoring

- We monitored 184 vendors and subcontractors in FYE 2024 with no non-compliance recorded.

#### LOCAL TALENT EMPOWERMENT AND WORKFORCE DEVELOPMENT

We believe in empowering and nurturing local talents. To ensure equitable opportunities and the growth of the local workforce, our initiatives are as follows:

##### Equal Opportunity for Local Talent

- Recruitment and selection processes are conducted in a fair and non-discriminatory manner to provide equal opportunities to all. We provide employment to Malaysians across all backgrounds, including those in vulnerable groups, specifically women, citizens without tertiary education or in low income segment.
- We welcome driven young undergraduate by providing them an internship platform to nurture their potential while making a positive impact in fostering tomorrow's leaders.

## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### ETHICS AND INTEGRITY (CONT'D)

#### LOCAL TALENT EMPOWERMENT AND WORKFORCE DEVELOPMENT (CONT'D)

##### Targeted Local Advertising

- We utilise several platforms to attract local talent such as highlighting vacancies on career page in the corporate website: [www.rce.com.my](http://www.rce.com.my), recruitment agencies and LinkedIn. This localised approach maximises visibility among local talent pools.

##### Skill-Based Hiring That Prefers Local Talent

- We assess the skills and experience required for the job during hiring.
- We prefer local talents so as to support the community through employment opportunities.

##### Participation in Government Initiatives for Enhanced Outreach

- We participated in Daya Kerjaya, a government hiring initiative programme to increase job opportunities and placement for various target groups.
- As at 31 March 2024, we have 1 employee hired under this initiative.

#### UPHOLDING LABOUR AND HUMAN RIGHTS

Our practices are guided by relevant labour laws of Malaysia and international human rights instruments such as the United Nations Guiding Principles on Business and Human Rights.

Our employees receive regular updates on various initiatives via internal email and intranet, other than ensuring human rights compliance.

Scope	What We Do
Equality and non-discrimination	Eliminating all discrimination based on race, gender, age, ethnicity, religion, marital status, pregnancy, disability, political opinion, nationality or social origin: We assess and justify access to employment, development, training, compensation and rewards on merits, qualifications, performance, skills and experience.
Fair employment conditions	<p>Full compliance with applicable laws and regulations concerning work hours, overtime hours, holiday and leave entitlements, minimum wages and legally mandated benefits:</p> <ul style="list-style-type: none"> <li>• We adhere to local working hour regulations, prioritising the reduction of excessive work hours. While occasional peak periods may necessitate overtime, our corporate culture emphasises efficiency and productivity, discouraging prolonged overtime except when essential.</li> <li>• We uphold our stand of 'equal pay for equal work' and fairly compensate employees, which commensurate with existing industry standard.</li> <li>• We ensure employee salaries meet or exceed minimum wage standards.</li> </ul>

## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### ETHICS AND INTEGRITY (CONT'D)

##### UPHOLDING LABOUR AND HUMAN RIGHTS (CONT'D)

Scope	What We Do
Safe and healthy workplace	We provide a safe, healthy and adequate working environment, safeguarding workplace risks and hazards. We also promote healthy work-life integration to improve employee well-being. Physical abuse, bullying and threats are prohibited.
Prohibition of harassment	We provide a workplace free from verbal, physical, emotional, sexual and other harassment. We have Sexual Harassment Policy and reporting channels in place.
Freedom of association and collective bargaining	We adhere to local laws and adopt an open attitude, respecting employees' rights to freedom of association and collective bargaining.
Prohibition of forced labour, human trafficking or child labour	We comply with local laws concerning the minimum age requirements for working. We do not tolerate any slavery, forced and involuntary labour, human trafficking and child labour.
Privacy and data protection	We treat all personal data with integrity, complying with all laws and regulations.

The Group's labour standards non-compliance is dealt with by carrying out an investigation on the underlying matter, proper documentation, consulting subject matter expert, if required and continuous monitoring of the labour standard landscape. Corrective actions or measures will be communicated to Departmental Heads, if necessary for improvements. During the financial year, there were no instances of labour standards non-compliance.

We are firmly against all forms of sexual harassment, recognising it as a type of discrimination that violates an individual's dignity. Every employee is treated with dignity and respect and we strive to maintain a safe, healthy and supportive work environment.

The Sexual Harassment Policy protects employees from unwelcome advances and provides a fair and impartial process for reported incidents. The policy is readily available on RCE's corporate website: [www.rce.com.my](http://www.rce.com.my) and employees are reminded of their rights as well as the contents of the policy. Our Departmental Heads received training to handle complaints on sexual harassment effectively.

Employees are encouraged to report any instances of sexual harassment to the Human Resources ("HR") Unit or their immediate supervisor. Additionally, sexual harassment awareness notices are displayed prominently on our office premises.

We are pleased to report that in FYE 2024, there was no sexual harassment case reported.

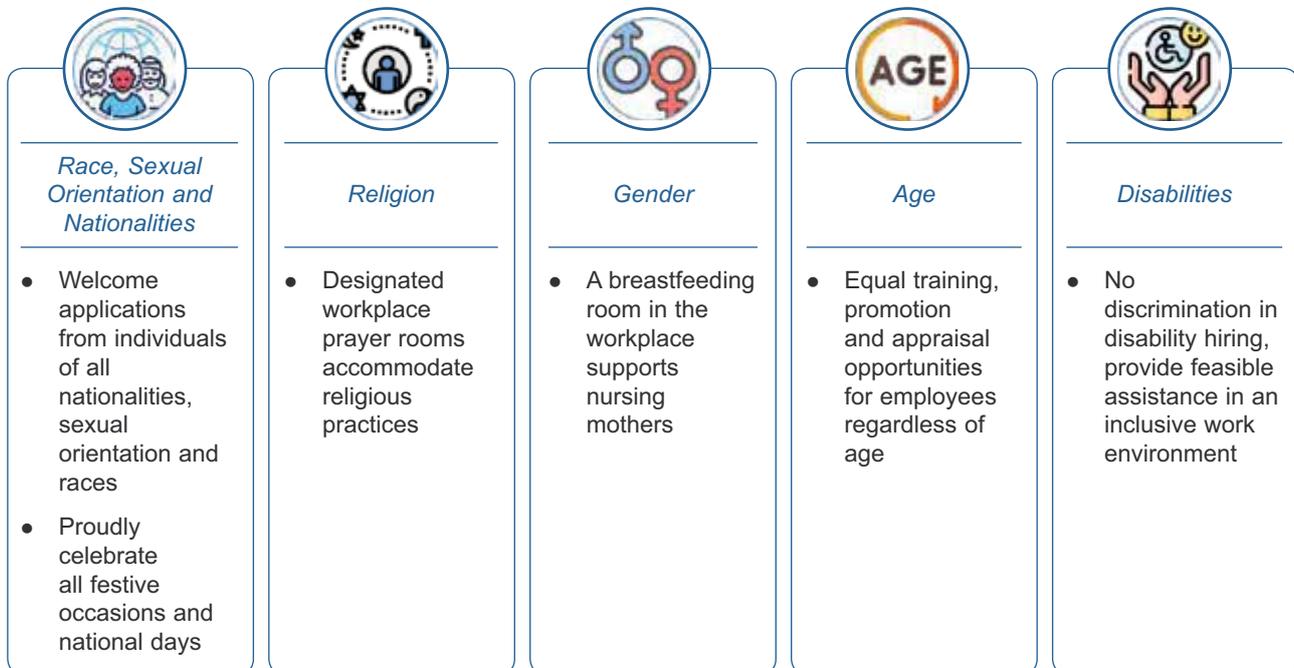
## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### ETHICS AND INTEGRITY (CONT'D)

#### UPHOLDING LABOUR AND HUMAN RIGHTS (CONT'D)

Some of the actions taken to improve workforce diversity, equal opportunities and reduce discrimination include but not limited to:



#### TALENT MANAGEMENT

Our talent management framework guides the recruitment process, development and retention of talent.

Hiring, training and retaining mainly local talents support income per capita for Malaysians and other socio-economic benefits.

#### TRAINING AND CAREER ADVANCEMENT

Talent development is vital to ensure continuous growth and proficiency among our workforce. Offering diverse skill upgrading and training programmes to keep our employees updated with industry trend fosters career advancement opportunities. Mandatory onboarding sessions provide new joiners with a comprehensive understanding of our values and operational practices. On-the-job training provided to all employees facilitates practical experience in carrying out their roles.

For knowledge-sharing culture, we encourage the exchange of training materials and experiences via our intranet.

## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### TALENT MANAGEMENT (CONT'D)

##### TRAINING AND CAREER ADVANCEMENT (CONT'D)

Training programmes attended by our employees in FYE 2024 include but not limited to:

- Leadership development sessions based on the concept of “The 7 Habits of Highly Effective People”;
- Regulatory, legal and technical knowledge sessions such as e-invoicing preparation/readiness, anti-corruption and bribery, listing requirements and accounting standards update; and
- Soft skill or special interest or knowledge sessions covering effective communication, mind mapping, cybersecurity and carbon management.



*Leadership Development Programme – Enhancing the Building Blocks of Effectiveness*



*Training on Listing Requirements – Common Pitfalls in Transactions & Related Party Transaction Rules*

Our trainings focus on leadership development, regulatory compliance and enhancing soft skills. Employees receive mentorship to cultivate individual talents and resilience in overcoming challenges. We maintain a conducive working environment that promotes collaboration and innovation.

**Investment  
in Employee  
Training  
(RM'000)**

**FYE 2024 : 171.2**

FYE 2023 : 256.1  
FYE 2022 : 353.4

**Total  
Training  
Hours**

**FYE 2024 : 4,882.8**

FYE 2023 : 6,787.3  
FYE 2022 : 4,237.5

**Average  
Training  
Hours Per  
Employee**

**FYE 2024 : 24.1**

FYE 2023 : 35.0  
FYE 2022 : 23.9

The drop in training cost and hours were due to lower number of leadership development sessions planned for the current financial year as our employees have attended similar sessions in prior financial years. We will continue to update the training plan, taking into account its relevance and suitability for our workforce as learning is a lifelong journey.

## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### TALENT MANAGEMENT (CONT'D)

##### TRAINING AND CAREER ADVANCEMENT (CONT'D)

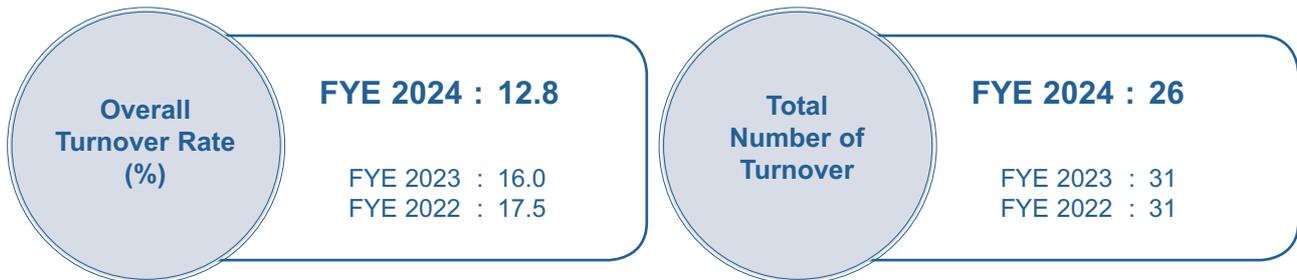
##### RETAINING TALENT THROUGH ATTRACTIVE BENEFITS AND COMPENSATION

We retain in-demand talent by offering attractive compensation packages. We comply with the Minimum Wage Order 2022 to ensure equitable pay for all employees. Benchmarking salary against industry standards guarantees competitive remuneration.

Our basic remuneration scheme, featuring a competitive base salary and performance-driven reward packages, undergoes constant review to incentivise high performers. We strive to meet our employees' needs, positioning RCE as their employer of choice.

We complement competitive compensation with various benefits, including Employees Share Option Scheme, Financing Interest/Profit Subsidy, Fixed Allowances, Children's Education Achievement Incentive, Medical Benefits and Long Service Awards. Other benefits include coverage for inpatient and outpatient medical expenses, dental care and financial assistance for significant life events such as marriage, childbirth or bereavement.

Every employee has an equal opportunity to be acknowledged for their contribution and is rewarded based on merit, taking into account their job experience, relevant qualifications and performance.



While overall turnover rate has improved to 12.8% in FYE 2024, we will continue to address the potential resignation to ensure disruptions to operations are minimised.

There were no termination of employees in FYE 2024.

#### OCCUPATIONAL SAFETY AND WELL-BEING

We comply with Occupational Safety and Health Policies, guidelines and protocols to mitigate workplace health and safety risks.

Our Safety, Health and Emergency Response ("SHER") Team has various responsibilities, including developing and implementing safety, health rules and safe systems of work. SHER Team leads employees during emergencies and creates awareness of safety and health issues.

Employees receive regular safety awareness emails and inspections are carried out to assess the condition of essential safety equipment.

## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### OCCUPATIONAL SAFETY AND WELL-BEING (CONT'D)

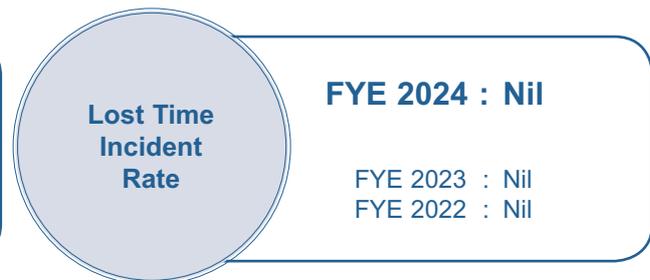
During the financial year, the following trainings were arranged to educate employees on essential techniques for immediate assistance in workplace emergencies:

No.	Training Programme	Number of Employees Participated
1.	Introduction to First Aid and Cardiopulmonary Resuscitation ("CPR")	32
2.	Occupational Safety & Health Coordinator Trained Person	1
Total		33



Introduction to First Aid and CPR Training

In FYE 2024, we received no reports of occupational incidents, which resulted in a zero lost time incident rate. This marked the fourth consecutive year of zero cases of injuries reported.



#### HEALTHY BODY HEALTHY MIND

We encourage healthy interaction and good mental health in maintaining a productive workforce.

Our Wellness Team in collaboration with HR unit, delivered various healthy body and mind initiatives, workshops and physical activities:



Hepatitis B Vaccination



Energising Breakfast Cooking Demonstration

# Sustainability Statement

## SOCIAL SUSTAINABILITY (CONT'D)

### OCCUPATIONAL SAFETY AND WELL-BEING (CONT'D)

#### HEALTHY BODY HEALTHY MIND (CONT'D)



Winners of Activ@work Challenge



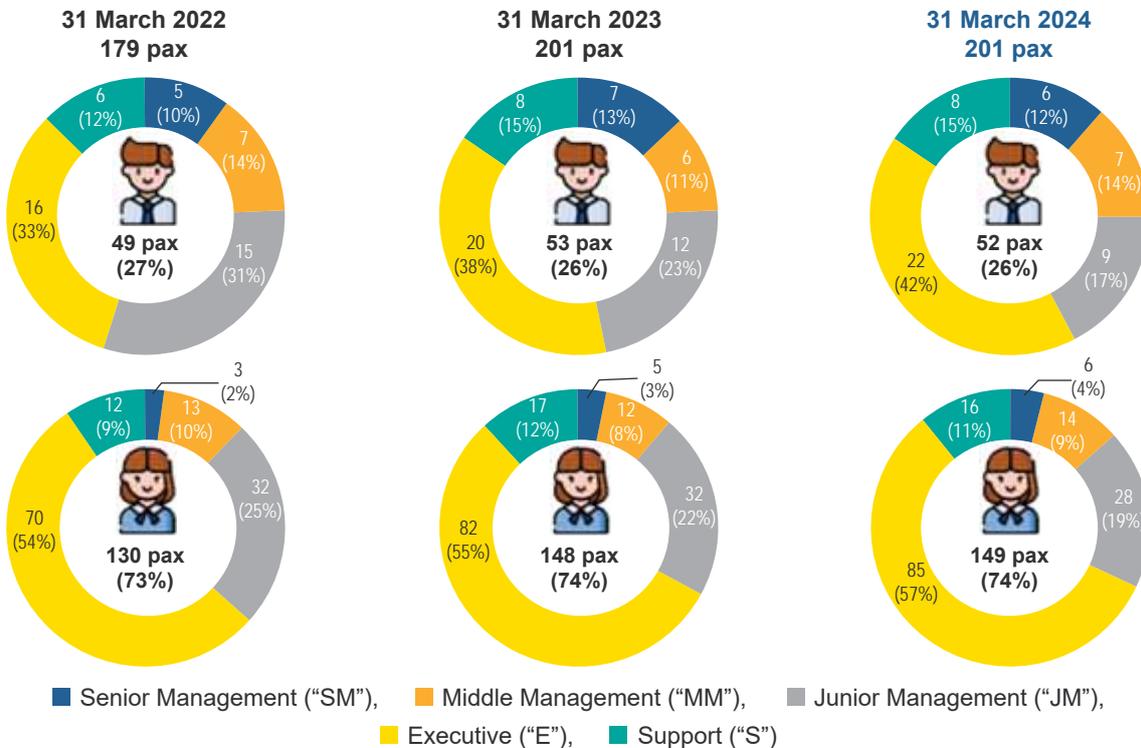
Go-Kart Championship

### WORKFORCE DIVERSITY, EQUITY AND INCLUSION

We aim to have an inclusive workforce where diversity is valued. We seek talents from diverse backgrounds and offer equal career opportunities.

There were no reported incidents of discrimination based on ethnicity, gender or religious belief during the financial year.

As at 31 March 2024, we employ 201 permanent Malaysian employees. The gender and age composition is shown below:



## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

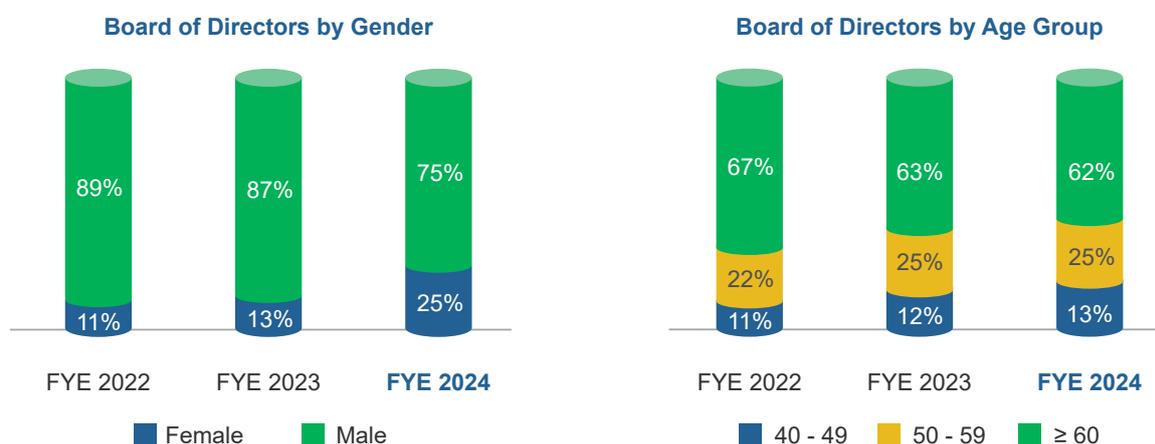
#### WORKFORCE DIVERSITY, EQUITY AND INCLUSION (CONT'D)

Age	Grade											
	SM		MM		JM		E		S		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
< 30	–	–	1	5	6	16	47	44	8	33	62	31
≥ 30 – 40	4	33	9	43	15	41	44	41	8	33	80	40
≥ 40 – 50	5	42	10	47	11	30	13	12	7	29	46	23
≥ 50 – 60	2	17	1	5	5	13	3	3	1	5	12	5
≥ 60	1	8	–	–	–	–	–	–	–	–	1	1
<b>Total</b>	12	100	21	100	37	100	107	100	24	100	201	100

Our workforce primarily consists of females, reflecting the nature of our work.

For the current financial year, we disclose the percentage of employees by gender and age for each employee category for the first time pursuant to Bursa Malaysia Enhanced Sustainability Reporting Framework. Our current age distribution supports succession planning and youth development with significant representation in the more than 30 to 40 age group.

In FYE 2022, we formalised a gender diversity policy to achieve a minimum of 30.0% female representation on the Board by 31 March 2025 with appointment based on merit. Following the appointment of Puan Azura binti Azman on 1 December 2023, we have now achieved 25.0% representation. She succeeded Encik Mahadzir bin Azizan, who stepped down on 30 October 2023.



Other steps taken to promote an inclusive workforce include hiring and retaining employees with special needs. As at 31 March 2024, there were two special needs employees, accounting for 1.0% of our total workforce. They have been assigned to carry out administrative tasks, requiring minimal communication.

As at 31 March 2024, the Group has two employees hired on a contract basis, representing 1.0% of our total workforce.

**Number of Contract Employee Over Total Workforce (%)**

**FYE 2024 : 1.0**

FYE 2023 : 3.0

FYE 2022 : 1.1

# Sustainability Statement

## SOCIAL SUSTAINABILITY (CONT'D)

### COMMUNITY INVESTMENT: COMMUNITY WELFARE ACTIVITIES

Our community investment principles focus on building communities through education assistance, donations and social support.

In FYE 2024, we invested RM243,010 in the community in which the recipients were students, general public and hospitals.

#### EDUCATION

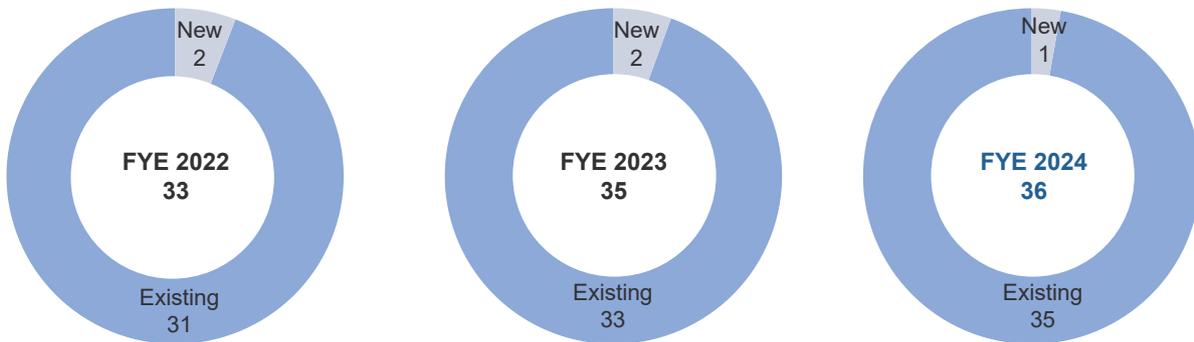
We recognise the power of education in shaping the future of individuals and communities. Our collaboration with YAH provide access to help the needy in education. YAH was established on 5 January 1991 by Tan Sri Azman Hashim, the Chairman of RCE's intermediate holding company, Amcorp Group Berhad.

#### ABOUT YAH

*YAH operates with a mission to uplift the disadvantaged by focusing on education to nurture the potential of underprivileged youth, including those from deprived backgrounds or lacking social status or formal education. RCE shares YAH's policy of supporting these communities and turning their dreams into realities and breaking the poverty cycle by providing access to quality education.*



Accumulated Number of Study Grants Awarded (Pax)



Accumulated Study Grants Awarded (RM'000)



## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### COMMUNITY INVESTMENT: COMMUNITY WELFARE ACTIVITIES (CONT'D)

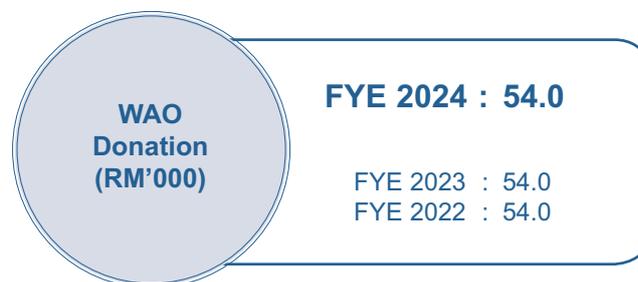
##### EDUCATION (CONT'D)

Providing aspiring individuals with the necessary resources help them embark on a path towards academic and professional success.

In addition to supporting their academic pursuits, RCE facilitates meaningful employment opportunities for students upon completion of their studies. Job placements and career development initiatives empower graduates to contribute meaningfully to the workforce and make valuable contributions to community.

##### DONATION TO WOMEN'S AID ORGANISATION ("WAO")

The Group has been supporting WAO since August 2019. For FYE 2024, the Group has donated a further RM54,000 to support WAO's pro bono counselling and other initiatives to support women and children who are victims of child abuse.



##### ABOUT WAO

WAO is a Malaysian non-governmental, non-profit organisation founded in 1982, dedicated to advocating for women's rights and combating violence against women. WAO is committed to promoting, protecting and empowering women to attain gender equality. It was accredited with first phase certification under the Core Humanitarian Standard on Quality and Accountability in September 2019. WAO operates a 24-hour hotline, a shelter for survivors of domestic violence, counselling services, legal aid, and advocacy programs.



##### SUPPLY OF MEDICAL EQUIPMENT TO HOSPITAL

We support the healthcare system by contributing medical equipment to hospitals to:

- Increase the public healthcare system's capacity in handling of medical cases; and
- Ensure the availability of essential equipment for patient care.

No.	Beneficiaries	Equipment Donated	Value RM
1.	Hospital Umum Sarawak	• One ultrasound system	80,000
2.	Hospital Putrajaya	• One Humecca Masher Set • Two ECG machines	80,025
		• Five baby CPR manikins • One training manikin	
<b>Total</b>			<b>160,025</b>

## Sustainability Statement

### SOCIAL SUSTAINABILITY (CONT'D)

#### COMMUNITY INVESTMENT: COMMUNITY WELFARE ACTIVITIES (CONT'D)

##### SUPPLY OF MEDICAL EQUIPMENT TO HOSPITAL (CONT'D)



*Medical Equipment Donation to Hospital Umum Sarawak*



*Medical Equipment Donation to Hospital Putrajaya*

#### CSR ACTIVITIES

We have undertaken a series of CSR activities in educating communities about the importance of proactive healthcare practices.

In FYE 2024, we have partnered with NKF and BCWA to conduct free health screenings.

## Sustainability Statement

## PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2024
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Middle Management	Percentage	100.00
Junior Management	Percentage	100.00
Executive	Percentage	100.00
Support	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	243,010.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	381
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management more than or equal to 60	Percentage	8.00 *
Senior Management more than or equal to 50 to less than 60	Percentage	17.00 *
Senior Management more than or equal to 40 to less than 50	Percentage	42.00 *
Senior Management more than or equal to 30 to less than 40	Percentage	33.00 *
Senior Management less than 30	Percentage	0.00
Middle Management more than or equal to 60	Percentage	0.00
Middle Management more than or equal to 50 to less than 60	Percentage	5.00 *
Middle Management more than or equal to 40 to less than 50	Percentage	47.00 *
Middle Management more than or equal to 30 to less than 40	Percentage	43.00 *
Middle Management less than 30	Percentage	5.00 *
Junior Management more than or equal to 60	Percentage	0.00
Junior Management more than or equal to 50 to less than 60	Percentage	13.00 *
Junior Management more than or equal to 40 to less than 50	Percentage	30.00 *
Junior Management more than or equal to 30 to less than 40	Percentage	41.00 *
Junior Management less than 30	Percentage	16.00 *
Executive more than or equal to 60	Percentage	0.00
Executive more than or equal to 50 to less than 60	Percentage	3.00 *
Executive more than or equal to 40 to less than 50	Percentage	12.00 *
Executive more than or equal to 30 to less than 40	Percentage	41.00 *
Executive less than 30	Percentage	44.00 *
Support more than or equal to 60	Percentage	0.00
Support more than or equal to 50 to less than 60	Percentage	5.00 *
Support more than or equal to 40 to less than 50	Percentage	29.00 *
Support more than or equal to 30 to less than 40	Percentage	33.00 *
Support less than 30	Percentage	33.00 *
Gender Group by Employee Category		
Senior Management Male	Percentage	50.00
Senior Management Female	Percentage	50.00
Middle Management Male	Percentage	33.00
Middle Management Female	Percentage	67.00
Junior Management Male	Percentage	24.00
Junior Management Female	Percentage	76.00
Executive Male	Percentage	21.00
Executive Female	Percentage	79.00
Support Male	Percentage	33.00
Support Female	Percentage	67.00

Internal assurance External assurance No assurance

(\*)Restated

## Sustainability Statement

### PERFORMANCE DATA TABLE (CONT'D)

Indicator	Measurement Unit	2024
<b>Bursa (Diversity)</b>		
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75.00
Female	Percentage	25.00
more than or equal to 60	Percentage	62.00 *
between 50 to 59	Percentage	25.00 *
between 40 to 49	Percentage	13.00 *
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	372.20
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	33
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	609
Middle Management	Hours	691
Junior Management	Hours	1,087
Executive	Hours	2,207
Support	Hours	289
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior management	Number	1
Middle management	Number	1
Junior management	Number	11
Executive	Number	12
Support	Number	1
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.20
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	0.266900

Internal assurance External assurance No assurance (\*)Restated

### STATEMENT OF ASSURANCE

In strengthening the credibility of the Sustainability Statement, the Performance Data Table for FYE 2024 accompanying this Sustainability Statement from page 67 to 68 has been subjected to an internal review by RCE's Internal Auditors.

The review concluded that the controls for the preparation of the data in the Performance Data Table are adequate, appropriate, and effective. The internal audit report has been reviewed by the AC.

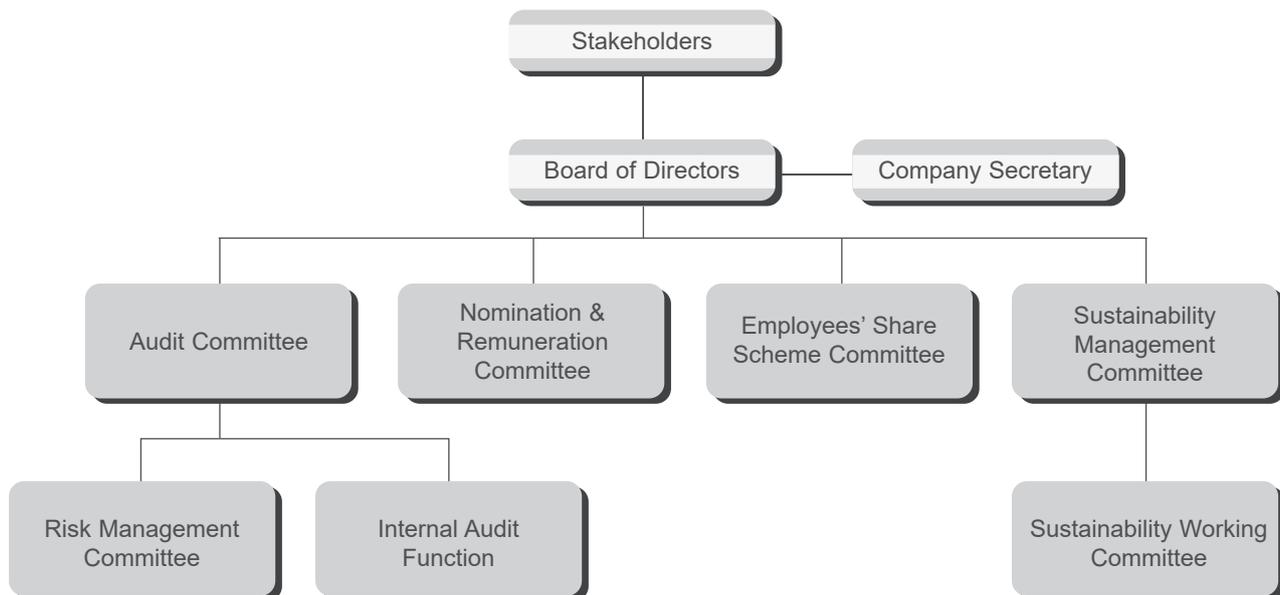
# Corporate Governance Overview Statement

The Board of Directors of RCE Capital Berhad (“RCE” or “the Company”) recognises the importance of safeguarding and promoting the interests of shareholders. The Board believes a sound and robust corporate governance framework is crucial for mitigating risks, fostering ethical business practices, and ensuring sustainability and continuous business growth. Throughout the financial year 2024, the Board maintained its dedication to fortifying resilience through effective stewardship, with an unwavering commitment to upholding good corporate governance value by continuously advocating transparency, accountability, integrity and responsibility to enhance long-term shareholders’ value and safeguarding the interests of stakeholders.

The Board is pleased to present this Corporate Governance Overview Statement (“Statement”) to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year ended 31 March 2024. The overview takes guidance from the three (3) key corporate governance principles as set out in the Malaysian Code on Corporate Governance (“Code”).

This Statement is prepared in compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and shall be read in tandem with the Corporate Governance Report (“CG Report”) of the Company, which provides the details on how the Company has applied each practice as set out in the Code. The CG Report is available on the Company’s website at [www.rce.com.my](http://www.rce.com.my).

The governance structure of RCE is as follows:



## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

The Group is helmed by an effective and experienced Board with diverse professional backgrounds, each bringing a wealth of experience, skills and expertise. The Board holds overall responsibility for promoting the sustainable growth and financial soundness of the Group.

The Directors are aware of their responsibilities to shareholders and stakeholders for creating and delivering sustainable value and long-term success through the Board’s leadership and management of the Group’s business.

## Corporate Governance Overview Statement

The Directors together as a team, set the values and standards of the Company and ensure that the Group's business is properly managed to safeguard the Group's assets and shareholders' investment.

The Board acknowledges the importance of having clear roles for the Chairman of the Board and the Chief Executive Officer ("CEO") to ensure optimal balance, better decision-making and accountability. The positions of the Chairman and the CEO are therefore held by different individuals with clear and distinct roles, which are formally documented in the Board Charter. The Board Charter, which is available on the Company's website at [www.rce.com.my](http://www.rce.com.my) also sets out, amongst others, the role, functions, composition, operation and processes of the Board and the responsibilities of the individual Directors, Independent Directors and Company Secretary. The Board Charter is reviewed as and when required in order to be aligned with the practices recommended in the Code, the Listing Requirements, relevant laws and regulations as well as current practices.

The Chairman leads the Board by setting the tone at the top, and managing the Board effectiveness by focusing on strategy, governance and compliance. The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long-term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions. The Board provides guidance and input to Management and also reviews Management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives. The Board's other main duties include regular oversight of the Group's business performance, and ensuring that the internal controls and risk management processes of the Group are well in place and are implemented consistently to safeguard the assets of the Group. The Board also remains cognisant of the need for sustainable practices to manage the economic, environmental and social impact to address the long-term interest of the stakeholders.

The Board entrusts the CEO with managing the Group's day-to-day operations, supported by the senior management team, in ensuring that the Group operates within a framework of prudent and effective controls under the Board's guidance. The CEO is accountable for the execution of policies and strategies set by the Board to achieve the Group's corporate goals. Management provides relevant information to the Board in a concise and timely manner to enable the Board to make informed decisions and discharge its duties effectively.

The Directors are mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Each Director is expected to devote sufficient time to carry out their role as Directors and members of the Board Committees, if applicable, apart from attending Board and Board Committees meetings, general meetings and Directors' training. Nevertheless, the Board also recognises that Directors may hold external directorships and other outside business interests, which can bring valuable perspectives to the Group.

In fostering time commitment from the Directors, they are required to notify the Chairman before accepting any new directorship in other public listed companies and such notification shall include an indication of time that will be spent on the new appointment. In accepting such appointment, the Directors shall take into consideration the time spent on the new appointment to enable them to devote sufficient time to carry out their duties to the Company and to ensure that the additional appointment will not have any impact to their commitment and their roles in the Company. The Directors shall seek guidance from the Chairman of the Board if there is any potential conflict of interest and shall upon appointed, notify the Company Secretary who shall inform the Chairman and other Board members accordingly. None of the Directors of the Company serve in more than five (5) listed companies and the CEO of the Company does not serve as a director in other listed companies.

The Directors are also required to notify the Company as and when they are appointed to other boards and provide the updates on their directorships and shareholdings in other companies on a quarterly basis.

The Board is of the view that, save as disclosed, the current external directorships held by the Directors of the Company do not give rise to any conflict of interest. When a conflict of interest arises, the Directors will abstain from the relevant deliberations and votings to ensure their ability to discharge their duties is not impaired. Moreover, each Director is able to discern an appropriate amount of time to commit to the Company without it being formally regulated. The Board believes that the provisions of the Companies Act 2016 ("Act") and the Listing Requirements of Bursa Securities are sufficient to ensure adequate commitment from Directors to perform their duties.

## Corporate Governance Overview Statement

The Board meets at least four (4) times annually with additional meetings convened as and when deemed necessary. During the financial year, the Board met four (4) times with the presence of the senior management where it deliberated, reviewed and considered a variety of matters including the Group's financial results, budget and strategy, operations and corporate development of the Group, dividend guidance, declaration of dividends, solvency position of the Company for dividends and share buyback, sustainability matters, corporate governance practices, corporate proposals and strategic issues that affect the Group's business operations.

Board meetings are of sufficient duration to ensure adequate analysis and deliberation for effective decision-making. The Board decisions made shall be by a majority as prescribed under the Constitution of the Company. Where a potential conflict of interest arises, it is mandatory for the Directors concerned to declare their interests and abstain from the deliberation and decision-making process. In the event where a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting, in respect of their shareholdings in the Company, on the resolution relating to the corporate proposal, and will further undertake to ensure that person(s) connected to them similarly abstain from voting on the resolution.

In the intervals between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions which are supported with all relevant information and explanations to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting.

Details of attendance of Directors at the Board meetings held during the financial year are as follows:

Name of Directors	No. of Meetings Attended	Percentage of Attendance (%)
Shahman Azman	4/4	100
Tan Sri Mazlan Mansor	3/4	75
Datuk Mohamed Azmi bin Mahmood	4/4	100
Thein Kim Mon	4/4	100
Azura binti Azman ( <i>Appointed on 1 December 2023</i> )	1/1 <sup>#</sup>	100
Shalina Azman	4/4	100
Soo Kim Wai	4/4	100
Lum Sing Fai	4/4	100
Mahadzir bin Azizan ( <i>Resigned on 30 October 2023</i> )	2/2 <sup>^</sup>	100

Notes:

<sup>#</sup> Reflects the number of meetings held during the financial year following her appointment as Director

<sup>^</sup> Reflects the number of meetings held during the financial year prior to his resignation as Director

All Directors have more than adequately complied with the minimum requirements on attendance at Board meetings as stipulated under the Listing Requirements of Bursa Securities (minimum 50% attendance).

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is demonstrated by amongst others, the attendance and time spent at the Board and Board Committees meetings by the Directors during the financial year.

To aid in fulfilling its duties, the Board has delegated certain responsibilities to the Board Committees, namely Audit Committee, Nomination & Remuneration Committee, Employees' Share Scheme Committee and Sustainability Management Committee. These Committees are pivotal in reviewing matters within their own defined terms of reference approved by the Board, and in keeping the Board efficient. They report to the Board on matters considered and their recommendations thereon. At all times, the Board has collective oversight over the Board Committees.

## Corporate Governance Overview Statement

The Board Committees exercise transparency and full disclosure in their proceedings. The Board is kept apprised of the activities and the decisions of the Board Committees through the circulation of the minutes of the meetings of the Board Committees and updates by the chairman of the respective Board Committees. The ultimate responsibility for the final decision on all matters however, lies with the Board.

### ■ Audit Committee

The Audit Committee's principal role is to monitor the integrity of financial statements, risk management and internal controls, effectiveness of external and internal audit processes, and to review conflict of interests and related party transactions, if any. Further details are disclosed under Principle B: Effective Audit and Risk Management in this Statement.

### ■ Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("N&R Committee")'s primary role is to assist the Board in reviewing the appropriateness of its structure, size and composition, and evaluating the performance and effectiveness of the Board, its Committees, the individual Directors and CEO. It also supports the Board in assessing all elements of the remuneration for Directors and CEO.

The N&R Committee comprises exclusively Non-Executive Directors, a majority of whom are Independent Directors and meets at least once in a financial year and whenever required.

During the financial year ended 31 March 2024, the N&R Committee held two (2) meetings with the full attendance of the N&R Committee members as follows:

Name	No. of Meetings Attended	Percentage of Attendance (%)
Datuk Mohamed Azmi bin Mahmood	2/2	100
Tan Sri Mazlan Mansor	N/A <sup>#</sup>	N/A <sup>#</sup>
Shalina Azman	2/2	100
Mahadzir bin Azizan	1/1 <sup>^</sup>	100

Notes:

<sup>#</sup> No meeting was held during the financial year after his appointment as member of the N&R Committee on 1 December 2023

<sup>^</sup> Reflects the number of meetings held during the financial year prior to his resignation on 30 October 2023

The N&R Committee had carried out the following activities during the financial year:

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- reviewed and assessed the contribution and performance of each individual Director, CEO, and the effectiveness of the Board and the Board Committees;
- reviewed and assessed the independence of the Independent Directors;
- reviewed the Directors who were due for retirement at the Company's 69th Annual General Meeting ("AGM") to determine whether to recommend their re-election;
- reviewed the remuneration package of the CEO;
- reviewed the performance of the Audit Committee and each of its members;
- reviewed the training courses attended by the Directors and assessed their training needs;
- reviewed and recommended the Directors' fees for the financial year ended 31 March 2023;
- reviewed and recommended the Directors' benefits for the Non-Executive Chairman and Non-Executive Directors of the Company;
- reviewed the background, skills and experience of potential candidates to be appointed as Independent Non-Executive Director of the Company; and
- reviewed Board and Board Committees appointment.

The terms of reference of the N&R Committee is available at the Company's website at [www.rce.com.my](http://www.rce.com.my).

## Corporate Governance Overview Statement

### ■ Employees' Share Scheme ("ESS") Committee

The ESS Committee was established to assist the Board in administering the Company's ESS in accordance with the By-Laws governing and constituting the ESS as approved by the shareholders.

During the financial year ended 31 March 2024, the ESS Committee held two (2) meetings with the full attendance of the ESS Committee members as follows:

Name	No. of Meetings Attended	Percentage of Attendance (%)
Soo Kim Wai	2/2	100
Shalina Azman	2/2	100
Lum Sing Fai	2/2	100
Loh Kam Chuin ( <i>Chief Executive Officer</i> )	2/2	100

The ESS Committee reviewed and recommended the fourth grant of options under the Employees' Share Option Scheme to the employees of the Group during the financial year.

### ■ Sustainability Management Committee

RCE recognises the importance of sustainability and environmental, social and governance (ESG) matters, and their associated risks and opportunities for the Group. The Board is responsible to ensure that RCE has in place appropriate sustainability strategies which are aligned with the Company's strategic direction to support the Group's long-term objectives.

The Board is supported by a Sustainability Management Committee ("SMART") which is responsible to assist the Board in administering and overseeing the development and implementation of the Group's sustainability strategies.

During the financial year ended 31 March 2024, SMART held one (1) meeting with the full attendance of the SMART members as follows:

Name	No. of Meeting Attended	Percentage of Attendance (%)
Shahman Azman	1/1	100
Shalina Azman	1/1	100
Loh Kam Chuin ( <i>Chief Executive Officer</i> )	1/1	100
Johnson Yap Choon Seng ( <i>Group Chief Financial Officer</i> )	1/1	100
Oon Hooi Khee ( <i>Chief Business Officer</i> )	1/1	100

SMART, supported by a Sustainability Working Committee, diligently executed numerous sustainability initiatives and activities throughout the financial year. As a testament to RCE's commitment towards conservation of environmental, corporate social responsibility and the practice of good corporate governance, the Company has been included as a constituent of FTSE4Good Bursa Malaysia Index since 2020. Further information on RCE's approach to sustainability are disclosed in the Sustainability Statement in this Annual Report.

The Board is supported by suitably qualified Company Secretaries who are experienced, competent and knowledgeable. They provide advisory services to the Board and its Committees on issues relating to corporate governance matters, compliance with laws, rules, procedures and regulations affecting the Group. Each Director has unrestricted access to the advice and services of the Company Secretaries to ensure effective functioning of the Board and Board Committees, and adherence to Board policies and procedures at all times.

## Corporate Governance Overview Statement

The Board acknowledges its role in establishing a corporate culture with uncompromising ethical conduct. In line with this principle, the Board has adopted a Directors' Code of Conduct and Ethics which sets out the fundamental guiding principles and standards of behaviour that are expected of the Directors in carrying their duties and discharging their responsibilities to the highest standards of personal integrity and professionalism. The Board also takes cognisance of the requirements under the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by the Securities Commission Malaysia.

The Group continues to be committed in promoting the values of integrity and intolerance towards any form of bribery/corrupt practices throughout the organisation. An Anti-Bribery and Corruption Policy was adopted which requires the Directors, employees and business partners to uphold the highest standards of business ethics by not engaging in any form of corruption, bribery, fraud or facilitation payments. The Board has also adopted the Anti-Money Laundering and Counter Financing Terrorism Policies & Procedures which sets out the guidelines for compliance with relevant regulatory requirements concerning the prevention, detection and protection to the Group from money laundering, terrorism financing or other criminal activities.

The Group has also put in place a Code of Conduct for Business Partners as a guidance to its business partners on their conduct of business with the Group and had communicated the same to the business partners.

During the financial year, the Group engaged an independent international advisory firm to conduct a comprehensive review of its anti-bribery and anti-corruption framework, focusing on compliance and governance. Subsequent thereto, the Code of Conduct for Business Partners and Anti-Bribery and Corruption Policy were reviewed and revised to strengthen oversight and compliance procedures. In addition, RCE's Anti-Money Laundering and Counter Financing Terrorism Policies & Procedures were reviewed and updated to reflect consistency with current practice.

Additionally, the Group in its effort to enhance corporate governance has also put in place a Whistleblowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal, discrimination or adverse consequences. Confidentiality of the matters raised and the identity of the whistle blowers are protected under the policy. The detailed whistleblowing mechanism prescribed in the Whistleblowing Policy had been mapped into a process flowchart. Whilst reviewing the anti-bribery and anti-corruption framework, the independent international advisory firm also reviewed the Whistleblowing Policy of the Group. Consequently, the Whistleblowing Policy was revised to enhance reporting guidelines.

The Directors' Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, Code of Conduct for Business Partners and the Whistleblowing Policy together with the details of the whistleblowing reporting channels are accessible on the Company's website at [www.rce.com.my](http://www.rce.com.my).

The Board recognises the importance of continuous education and training in expanding perspectives and staying updated on industry developments, global markets, regulatory changes, and management strategies to enhance the Directors' skills and knowledge in discharging their stewardship duties and responsibilities. Directors regularly attend various seminars, training and external professional programmes which they individually considered relevant and useful to further enhance their business acumen and professionalism. In addition, Directors are also invited to attend in-house training organised by the Company and conducted by external consultants for the Directors and employees of the Group.

The Company Secretary keeps Directors informed of relevant external training programmes. All internal and external training programmes attended by Directors are recorded and maintained by the Company Secretary, which will be tabled to the N&R Committee and the Board for notation on a half-yearly basis, to assist the N&R Committee and the Board on the evaluation and determination of the Directors' training needs.

## Corporate Governance Overview Statement

The external conferences/workshops and internally organised programmes attended by the Directors during the financial year were as follows:

Director	Course Attended
Shahman Azman	<p>Singapore Institute of Directors - ESG and Climate Governance: What Directors Need to Know</p> <p>KPMG Asia Pacific Board Leadership Centre Webinar - 2023 Board and Audit Committee Priorities</p> <p>Generative AI - An Opportunity or Risk?</p> <p>Singapore Institute of Directors - Challenges faced by SMEs in ESG integration</p> <p>Business Valuation Methods and Applications</p> <p>Singapore Institute of Directors - Beyond the 9-Year Rule: How Nominating Committees Can Transform Governance</p> <p>National Budget 2024 Review and Updates</p> <p>MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors &amp; Senior Management</p> <p>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</p> <p>Climate Change &amp; Carbon Footprint - Getting the Right Financial Risk &amp; Reporting Perspectives</p> <p>Singapore Institute of Directors - Open AI: Early Lessons and Issues for Board Directors</p> <p>Knowing your "ABC" Standard (Anti-Bribery &amp; Corruption)</p> <p>Understanding Diversity Equity and Inclusion</p> <p>Bulk create your contents in AI in 15 minutes</p> <p>Singapore Institute of Directors - The Board's Role in Talent Management</p> <p>Singapore Institute of Directors - SMU Directorship Programme Preview Session</p>
Tan Sri Mazlan Mansor	<p>MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors &amp; Senior Management</p>
Datuk Mohamed Azmi bin Mahmood	<p>Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees</p> <p>MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors &amp; Senior Management</p>
Thein Kim Mon	<p>Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers</p> <p>MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors &amp; Senior Management</p>

## Corporate Governance Overview Statement

Director	Course Attended
Azura binti Azman	Mandatory Accreditation Programme (MAP) Training on ESG Awareness and Trends in ESG Reporting Capital Market Director Programme Board's Role in Liquidity Risk Management and Board's Role in Asset-Liability Management (ALM) ESG Gap Analysis and Awareness on ABMS MS ISO 37001:2016 Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees
Shalina Azman	Ikhlas Capital & Ancora Group Joint Annual Conference 2023 National Budget 2024 Review and Updates
Soo Kim Wai	EY C-Suite Forum 2023 Mandatory Accreditation Programme Part II: Leading for Impact (LIP) National Budget 2024 Review and Updates AmBank Group - Cyber Security Awareness Credit Suisse - A New World - Year Ahead 2024 AmBank Group - Anti Money Laundering Awareness AmBank Group - Board Technology Day - AI Disrupt: Unveiling Financial Futures
Lum Sing Fai	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) AmBank Group - 2ND Asian Economy Impact - Climate Change Risk Discussion on the Succession Crisis and Continuity for Japanese SMEs AmBank Group - Cyber Security Awareness Program National Budget 2024 Review and Updates MACC Act Section 17A - Dealing With Corporate Liability on the Company and Deemed Personal Liability on Directors & Senior Management AmBank Group - Board Technology Day - AI Disrupt: Unveiling Financial Futures Anti Money Laundering Awareness Session

The N&R Committee and the Board upon assessing the training needs of each of its Directors, are satisfied that the Directors have received the necessary training during the financial year under review which enhanced their effectiveness and contribution to the Board.

### II. Board Composition

The Board has in place a 9-year tenure policy for its Independent Directors to limit the tenure of the Independent Directors to nine (9) years in order to facilitate Board refreshment. In October 2023, Encik Mahadzir bin Azizan who has served as Independent Director for nine (9) years, stepped down from the Board to conform to the Company's 9-year tenure policy for Independent Directors.

## Corporate Governance Overview Statement

In December 2023, Puan Azura binti Azman, who has over 30 years of broad-based experience in the banking industry and her expertise includes stockbroking, corporate banking, credit, business development and private equity, was appointed as Independent Non-Executive Director of the Company. The Board warmly welcomed her appointment and recognises her valuable contribution in complementing the Board's skill set. Puan Azura's extensive experience and in-depth knowledge gained during her tenure in key positions in the banking sector, coupled with her expertise in capital markets and equity products, enriches the Board's capabilities.

The Board comprises entirely Non-Executive Directors, of whom four (4) out of eight (8) are Independent Directors. None of the Independent Directors had exceeded the nine (9) years tenure.

Tenure of Independent Directors as at 31 March 2024				
Tenure	< 3 years	3 - 6 years	6 - 9 years	Above 9 years
Number of Independent Directors				–

The presence of Independent Directors on the Board ensures that the interests of minority shareholders are taken into account by the Board. The structure of the Board also ensures that no single Director is dominant in the decision-making process. The current Directors present a diverse mix of qualifications and experiences covering business, finance, audit, banking, accounting, capital markets, legal, law enforcement and public services. Collectively, they bring a wide range of competencies, capabilities, technical skills and pertinent business acumen to the Group. With its diversity of qualifications, expertise and skills, the Board is of the view that the current composition and size are adequate for the effective discharge of its functions and responsibilities. The Board composition is also in compliance with paragraph 15.02 of the Listing Requirements and the Code. A brief profile of each Director is set out in the Profile of Directors section of this Annual Report.

The Group practices non-discrimination in any form whether based on age, gender or ethnicity throughout the organisation and this includes the selection of Board members. The Board is committed to ensuring that its composition not only reflects the diversity as recommended by the Code, as best as it can, but also encompasses the appropriate blend of skills and balance to contribute to the achievement of the Company's goal.

To this end, the Board has in place a gender diversity policy as recommended by the Code to achieve at least 30% women representatives on the Board. The Board presently has two (2) female Directors. Puan Azura's appointment as an Independent Director marked a significant step towards achieving the Board's goal of having 30% female representation. The Board will endeavor to achieve its target of having at least 30% women Directors by 31 March 2025. Whilst the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on merit.

In line with paragraph 15.01A of the Listing Requirements, RCE has adopted a formal Directors' Fit and Proper Policy. The Directors' Fit and Proper Policy serves as a practice guide for the appointment and re-election of Directors to assist N&R Committee and the Board to discharge their duties and functions in the Board's nomination and re-election process of Directors. The Directors' Fit and Proper Policy is available on the Company's website at [www.rce.com.my](http://www.rce.com.my).

The Board through its N&R Committee reviews annually, the effectiveness of the Board and Board Committees, the contribution and performance of the individual Directors and CEO as well as the independence of the Independent Directors. The N&R Committee also conducted fit and proper assessment on the Directors who were proposed for re-election, and the Directors standing for re-election had also provided their fit and proper confirmation. The performance and contribution of the retiring Directors were also taken into account by the Board in determining whether the Board should support the re-election of the said Directors.

## Corporate Governance Overview Statement

Based on the results of the evaluations for the financial year under review, the Board concluded that the Board as a whole and its Committees have been effective in discharging their oversight responsibilities and that each of the Directors and the CEO continued to discharge their respective duties and responsibilities effectively. Premised on the outcome of the evaluations, the Board also agreed that the current composition of the Board is appropriate, taking into account the current mix of skills, experience and core competencies in the Board composition and given the Group's businesses and the size of its business operations. Individual Directors of the Company and the CEO possess the required competence to manage the Group's affairs and created value to the organisation and its shareholders. The Board is also satisfied with the performance, fitness and propriety of the Directors standing for re-election at the 70th AGM based on the satisfactory results of the evaluations and the fit and proper assessment. As the feedback of the Board evaluation was generally satisfactory, no apparent shortcomings had been identified.

### III. Appointment to the Board

As part of the N&R Committee's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board vacancies as and when the needs arise, or to identify candidates to complement the Board's current composition, and make recommendations to the Board on their appointment to the Board and where applicable, to the various Board Committees. The N&R Committee in recommending new appointments to the Board, will assess the suitability of candidates and conduct a fit and proper assessment in accordance with the Directors' Fit and Proper Policy, taking into consideration the required mix of skills, knowledge, expertise, professionalism, character and integrity, experience and competencies, personal qualities, time commitment, the potential for the candidate's skills to augment the existing Board, the candidate's availability to commit to the Board's activities, and in the case of candidate proposed for appointment as Independent Director, the candidate's independence and his/her ability to discharge such responsibilities/functions as expected from an Independent Director. The N&R Committee is responsible to ensure that the procedures for appointing new Directors are transparent.

The appointment of Puan Azura Azman followed the above process. Prior to her appointment, the Company sourced candidates through independent external sources and network of the existing Board. The N&R Committee, having reviewed the skillset, expertise and experience, including whether she met the fit and proper criteria outlined in the Directors' Fit and Proper Policy, recommended her appointment to the Board. Puan Azura received an induction which is tailored to her requirements to assist her in understanding the Group's structure, corporate overview, business strategy and operations.

### IV. Remuneration

The Board is aware that a fair remuneration is critical to attract, retain and motivate its Directors and senior management. The Company has in place a Remuneration Policy for Directors and CEO which sets out the criteria applied in recommending their remuneration packages.

The aforesaid policy aims to set remuneration at levels which are sufficient to attract and retain Directors and CEO needed to run the Company successfully, taking into consideration various pertinent factors including the function, workload and responsibilities involved.

The N&R Committee conducts annual review of the CEO's remuneration package and recommends to the Board on specific adjustments and/or rewards that align with the CEO's contributions throughout the year as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practices. Long-term incentives are implemented through ESS of the Company.

In the case of Non-Executive Directors, their remunerations reflect the expertise and level of responsibilities undertaken by the Non-Executive Directors. Meeting attendance allowances are also paid to Independent Directors in accordance with the number of meetings attended during the financial year. Non-Executive Directors are not eligible to participate in any employees share scheme implemented by the Company. Individual Directors will abstain from participating in the discussions and decisions of their own remuneration package. Non-Executive Directors' fees and benefits are subject to shareholders' approval at the AGM based on the recommendation of the Board.

## Corporate Governance Overview Statement

In May 2024, the Board approved the N&R Committee's recommendation on the Non-Executive Directors' fees for the financial year ended 31 March 2024, which will be put forth to the shareholders for approval at the 70th AGM in accordance with Section 230 of the Act. No revision was made to the Non-Executive Directors' fees for the financial year ended 31 March 2024 as the N&R Committee and the Board were of the view that the fees remain competitive and at par with the prevalent market rate.

The Company has also in place a Directors and Officers liability insurance ("D&O policy") to indemnify the Directors against liability and costs incurred by them in discharging their duties as Directors, to the extent permitted under the Act. The Directors are required to contribute jointly to the premium of the D&O policy.

The details of the Directors' remuneration for the financial year ended 31 March 2024 are disclosed in the CG Report under Practice 8.1.

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit Committee

The Audit Committee of the Company comprises five (5) Non-Executive Directors, four (4) of whom are Independent Directors which is in compliance with the Listing Requirements of Bursa Securities.

The Chairman of the Audit Committee, Mr. Thein Kim Mon, who is an Independent Director, is not the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations. During the financial year ended 31 March 2024, Encik Mahadzir bin Azizan stepped down as Director of the Company on 30 October 2023 and ipso facto ceased as member of the Audit Committee. Puan Azura binti Azman was appointed as member of the Audit Committee on 1 December 2023. Other Audit Committee members are Tan Sri Mazlan Mansor, Datuk Mohamed Azmi bin Mahmood and Mr. Soo Kim Wai.

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's external auditors which ensures the objectivity, independence and effectiveness of external auditors are maintained.

The performance of the Audit Committee and its members were evaluated as part of the Board's annual assessment and based on the findings, the Board is satisfied that the Audit Committee has discharged its responsibilities effectively during the financial year. The Audit Committee has adequate understanding of the Company's significant financial and non-financial risks. Each of its members has made positive contribution to the overall effectiveness of the Audit Committee as well.

A full Audit Committee Report enumerating its membership and a summary of activities during the financial year is set out on pages 89 to 94 of this Annual Report.

#### II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility for the Group's risk management and internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as comprehensive internal procedures and guidelines.

A Risk Management Committee comprising members with risk and business management knowledge and experience has been established by the Company to implement the risk management policies and strategies formulated and approved by the Board. It monitors and manages the principal risk exposures by ensuring that Management has taken the necessary steps to mitigate such risks and recommends action where necessary. The Risk Management Committee reports to the Audit Committee which in turn will brief the Board on its findings, if so required.

## Corporate Governance Overview Statement

The Board continues to maintain and regularly review the adequacy and effectiveness of risk management and internal control system to ensure, as far as possible, the protection of the Group's assets and its shareholders' investments.

The Statement on Risk Management and Internal Control, which provides an overview of the management of risks and state of internal control within the Group, is set out on pages 84 to 88 of this Annual Report.

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### I. Communication with Stakeholders

The Board recognises the importance of maintaining a purposeful relationship with stakeholders. In this regard, the Company always ensures that its communication with the shareholders and various stakeholders is transparent, timely and effective. The Company's website, [www.rce.com.my](http://www.rce.com.my) provides an avenue for shareholders and members of the public to access information pertaining to the Company, which is being updated regularly. Throughout the financial year, the Company and its investor relations team conducted briefings for analysts and fund managers. These briefings aimed to provide analysts, fund managers and investors with information relating to the Group. The Company attends to the requests of analysts and fund managers for briefings from time to time. To maintain a high level of transparency and effectively address any issues or concerns, the Group has an online enquiry form that can be accessed from the Company's website in which stakeholders can direct their queries or concerns.

Investor relations matters may be directed to the following persons:

Mr. Loh Kam Chuin, Chief Executive Officer  
Ms. Oon Hooi Khee, Chief Business Officer  
Telephone number: +603-4047 0988  
Email: [ir@rce.com.my](mailto:ir@rce.com.my)

#### II. Conduct of General Meetings

The Company's general meetings remain the principal forum for dialogue and interaction with shareholders and provide an opportunity for the shareholders to seek clarification on any issues and gain a deeper understanding of the Group's businesses, governance, performance and corporate developments.

The 69th AGM held on 7 September 2023 was conducted fully virtual through live streaming and remote voting by leveraging technology in accordance with the Constitution of the Company and Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers. Shareholders were advised to utilise the Remote Participation and Voting ("RPV") facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/> to participate in the meeting remotely.

Notice of and Administrative Guide for the 69th AGM, the Form of Proxy and the Annual Report were issued and/or uploaded onto the Company's website more than 28 days before the 69th AGM. This allowed shareholders sufficient time to review the Company's financial and operational performance and to make necessary arrangements to participate in the virtual 69th AGM either in person or by proxies.

Shareholders were provided with clear and easy-to-follow instructions on how to register and participate in the virtual AGM. They were also invited to send questions before the meeting in relation to the agenda items for the 69th AGM, or via the real time submission of typed texts through a text box before the start or during the live streaming of the meeting.

Shareholders, corporate representatives and proxies participated in the virtual 69th AGM through live streaming and online remote voting via the RPV facilities.

## Corporate Governance Overview Statement

The proceedings of the 69th AGM including the CEO's presentation of the Group's activities and financial performance together with an overview of the Group's outlook, questions from shareholders which were raised prior to and during the meeting as well as the Company's responses to the same, were shared with shareholders/proxies during the virtual AGM, before putting resolutions to vote.

To ensure effective participation of and engagement with shareholders at the virtual 69th AGM of the Company, all members of the Board participated in the meeting remotely via a designated virtual meeting platform to respond to the questions raised by the shareholders and proxies. Despite the absence of face-to-face engagement, the Board believes that the RPV facilities have provided an accessible platform for the Board to engage with the shareholders/proxies as close to a physical meeting as possible, by ensuring that shareholders were able to exercise their rights to participate, speak (in the form of real time submission of typed texts) and vote at the fully virtual general meeting.

Minutes of the 69th AGM, including questions raised prior to and during the meeting and the Company's responses to the same, was made available on the Company's website at [www.rce.com.my](http://www.rce.com.my) within 30 business days after the AGM.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Act to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the results of their operations and cash flows for the financial year. The Directors consider that in preparing the financial statements, they have consistently used and applied the appropriate and relevant accounting policies and made judgements and estimates that are reasonable and prudent.

The Directors have a general responsibility in ensuring that the Group keeps proper accounting records in accordance with the provisions of the Act to enable the preparation of the financial statements with reasonable accuracy. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is satisfied that the Group has upheld high standards of corporate governance and continues to pursue the highest level of integrity and ethical conduct in all aspects of its business operations.

Moving forward, the Board remains committed to operationalise and enhance the Company's existing corporate governance framework, policies and practices and instil a risk and governance awareness culture and mindset throughout the Group in the best interest of all stakeholders, while continue to deliver sustainable growth and performance, ensuring the continued success of the Group.

**This Statement is made in accordance with the resolution of the Board of Directors dated 24 May 2024.**

## Additional Compliance Information

### 1. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interests of the Directors, chief executive and/or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

### 2. EMPLOYEES' SHARE SCHEME

The Employees' Share Scheme ("ESS") implemented on 20 October 2020 is the only share scheme of the Company in existence during the financial year ended 31 March 2024. The details of the ESS are as follows:

- (a) The total number of options granted, exercised, cancelled and outstanding under the ESS since its commencement up to the financial year ended 31 March 2024 are set out below:

Description	Number of Options	
	Grand Total	Directors and Chief Executive
Granted	56,483,000	3,500,000
Exercised	52,225,821	2,842,852
Cancelled	1,038,396	-
Adjustment <sup>#</sup>	8,706,717	542,852
Outstanding	11,925,500	1,200,000

Note:

<sup>#</sup> The number of options has been adjusted in accordance with ESS By-Laws to reflect the bonus issue undertaken by the Company which was completed on 17 January 2022.

- (b) Percentages of options applicable to Directors and senior management under the ESS during the financial year and since its commencement up to the financial year ended 31 March 2024 are set out below:

Directors and Senior Management	Percentage	
	During the financial year	Since commencement up to 31 March 2024
Aggregate maximum allocation	37.51%	35.12%
Actual options granted	37.51%	35.12%

- (c) Non-Executive Directors are not eligible to participate in the ESS.

## Additional Compliance Information

### 3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered by the external auditors and their affiliated companies or firms to the Company and the Group for the financial year ended 31 March 2024 are as follows:

Fees	Company RM	Group RM
Audit Fees	112,300	355,000
Non-Audit Fees	25,200	109,000
<b>Total</b>	<b>137,500</b>	<b>464,000</b>

The non-audit fees incurred by the Company and the Group mainly consist of the following:

- Review and submission of tax returns; and
- Review of Statement on Risk Management and Internal Control.

### 4. UTILISATION OF PROCEEDS

In March 2019, a RM2.00 billion Sukuk Murabahah Asset-Backed Securitisation Programme was established via Zamarad Assets Berhad ("ZAB") backed by receivables originated by RCE Marketing Sdn Bhd, a wholly-owned subsidiary of the Company.

During the financial year, ZAB issued its ninth tranche of Sukuk with proceeds totalling RM205.0 million. Details of the utilisation as at 31 March 2024 are as follows:

Description	RM'000
Proceeds	205,000
Utilisation:	
(a) purchase consideration of the acquired islamic financing agreements	(197,623)
(b) minimum profit balance required for finance service reserve account	(4,918)
(c) issuance related expenses	(1,651)
(d) deposit into revenue account	(808)
<b>Total</b>	<b>-</b>

### 5. RECURRENT RELATED PARTY TRANSACTIONS

The information on recurrent related party transactions for the financial year is set out in Note 23 to the financial statements.

# Statement on Risk Management and Internal Control

The Board of Directors of RCE Capital Berhad (“Board”) is responsible for the Group’s risk management and internal control system as well as reviewing its adequacy and effectiveness on an on-going basis.

The Group’s system of risk management and internal control is designed to manage and not eliminate the risk of failure to achieve the Group’s objectives, hence it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is pleased to disclose that:

- (i) there is an on-going process for identifying, evaluating, monitoring and managing the significant risks faced by the Group throughout the financial year up to the date of approval of this statement; and
- (ii) the said process is regularly reviewed by the Board and accords with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Issuers.

Whilst the Board has overall responsibility for the establishment of the Group’s risk management and internal control system, it has delegated the responsibility of implementation and monitoring of this system to the Management who will report on identified risks and actions taken to mitigate and control the risks. The Chief Executive Officer, Mr. Loh Kam Chuin, and the Group Chief Financial Officer, Mr. Johnson Yap Choon Seng, have provided assurance to the Board that the risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review.

The Board summarises below the process it has applied in reviewing the adequacy and the effectiveness of the risk management and internal control system:

## RISK MANAGEMENT

The Group’s Risk Management framework is outlined in the Group’s Risk Management Policy. The Audit Committee shall assist the Board in evaluating the adequacy of the Group’s Risk Management framework. The Group’s Risk Management framework is guided by the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) Enterprise Risk Management Integrated Framework and benchmarking against COSO principles are performed annually.

A Risk Management Committee, comprising members of Senior Management and Directors, monitors the risks faced by the Group and the Risk Management Committee reports to the Audit Committee. The Risk Management Committee is chaired by Encik Shahman Azman, who is the Non-Executive Chairman of RCE Capital Berhad.

Risks are defined as uncertain future events which could influence the achievement of the Group’s objectives. Risks are assessed according to the impact and likelihood of risk events.

A two-pronged risk management approach is adopted where:

- (a) key risks including environmental, social and governance risks are identified and evaluated together with mitigating controls as part of the decision-making process for each significant business transaction by Departmental Heads; and
- (b) day-to-day operational risk management by Departmental Heads entail:
  - identification of risks;
  - implementation of mitigating controls; and
  - self-assessment to determine changes in risks and internal controls effectiveness.

Risk papers are prepared by Departmental Heads and reviewed by Management to document the identification and assessment of risks made in regard to significant business transactions. These are deliberated by the Risk Management Committee and reviewed by the Audit Committee.

## Statement on Risk Management and Internal Control

Besides identifying and evaluating risks, Departmental Heads also design, operate and monitor suitable internal controls to mitigate and control the risks requiring risk management actions. These are documented in the risk profile (risk register) and reviewed by Management.

Risk profile and corresponding controls are self-assessed by Departmental Heads and reviewed by Senior Management to determine that the risk profile continues to be relevant and that the controls are practiced and effective in mitigating and controlling the risks.

Results of self-assessment are deliberated by the Risk Management Committee and reviewed by the Audit Committee.

During the financial year, key risks reviewed and mitigating controls employed by the Group include but not limited to the following:

(a) Credit risks:

Financing facilities are reviewed for utilisation purposes, security against financing facilities and repayment patterns prior to facility extension.

Annual reviews of customers granted with financing facilities are performed where customer business' are reviewed including aspects regarding competition faced, financial performance and future prospects.

Periodical review of receivables are carried out where non-performing financing are identified and analysed in terms of reasons for non-performance, aging of facility and customer profile.

(b) Technology and cyber risks:

Assessed the operational interruption risk including potential unplanned downtime pertaining to vulnerabilities arising from phasing out of obsolete database system.

(c) Fraud risks:

Any attempted and penetrated frauds are identified and investigated by the Disciplinary Committee for Fraud and Task Force Investigation.

(d) Regulatory and compliance risks:

The Compliance, Operations and Methods Department ("COM") prepares Annual Plan for assignments to be carried out. Reports on reviews completed are also prepared. During the financial year, COM performed Policies and Procedures review, Compliance Check/Process Improvement assignments, preparation of risk review papers and regulatory reporting.

Money laundering and terrorism financing institutional risk assessment review was performed based on Bank Negara Malaysia Guideline on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions & Non-Bank Financial Institutions.

Review of Anti-Bribery Framework effectiveness assessment performed by independent service provider to ensure compliance with the Malaysian Anti-Corruption Commission Act 2009 Guidelines on Adequate Procedures (TRUST principles).

Appointment of Shariah consultants to review and certify compliance with Shariah principles.

(e) Liquidity, cash flow and reputational risks:

Securing new credit facilities to meet liquidity requirements. Assessing terms of pricing, security and covenant requirements. Reviewed planned controls which include diligent monitoring of cash flow, security values, covenants and maintaining the mixture of fixed and floating rate financing liabilities.

## Statement on Risk Management and Internal Control

(f) Corruption risks:

The respective operating unit identifies and assesses the risks that are inherent to its operations. Mitigating controls implemented include:

- establishment, dissemination and communication of Code of Conduct for Business Partners and Anti-Bribery and Corruption Policy to stakeholders;
- segregation of duties;
- authorisation and approval with authority matrix in place;
- multiple quotations from different vendors before an engagement;
- background checks and conduct of due diligence;
- donations, contributions and gifts given/received are declared and recorded; and
- periodical training or briefings.

### INTERNAL CONTROL

- (i) The Board has adopted a Directors' Code of Conduct and Ethics which provides principles and standards relating to Directors' duties and serves as a guideline for the Board to act in the best interest of the Group, and fulfil their fiduciary obligations to all its stakeholders. The Nomination & Remuneration Committee that comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors, reviews and assesses, among others, the effectiveness of the Board and each of the Directors annually. The assessment includes elements such as promotion of good corporate governance culture which reinforces ethical, prudent and professional behaviour in line with the Directors' Code of Conduct and Ethics.
- (ii) The Board has appointed the Audit Committee to examine the effectiveness of the Group's systems of internal control on behalf of the Board. This is accomplished through the review of the internal audit function's work, which focuses on areas of priority as identified by risk analysis and in accordance with the audit plan approved by the Audit Committee.
- (iii) The Group has engaged the services of the Internal Audit Department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit functions. The Internal Audit Department is headed by Ms. Chia Meng Yee since year 2001. She is a member of The Malaysian Institute of Certified Public Accountants (MICPA).
- (iv) Internal audit reports and the proposed corrective actions are presented at the Audit Committee Meeting. Follow-up audits are performed to review the status and effectiveness of management actions.
- (v) The Board has also engaged external Information Technology Audit service provider to review cyber security, guidelines and policies, security controls for optimisation and effectiveness.
- (vi) A management structure exists with clearly defined lines of responsibility and the appropriate levels of delegation to promote checks and balances through the segregation of duties. The Management team, led by the Chief Executive Officer and comprises other Departmental Heads, is responsible for implementing the Group's strategies and managing day-to-day business. Management team performs regular monitoring and review of the Group's financial results and provides quarterly financial and operation reports to the Audit Committee/Board. Meetings are held at operational and management levels regularly to identify, discuss and resolve business and operational issues.

## Statement on Risk Management and Internal Control

- (vii) Compliance remains the key priority of the Group. COM is responsible to oversee the compliance of all operating units towards their respective policies and procedures (“P&P”) and regulatory requirements as well as the formulation and development of the P&P. Operating units have standard operating procedures in which their operations must comply with so as to achieve clear accountabilities. The operating procedures are periodically reviewed and updated as and when necessary to ensure relevance to the Group’s operations.
- (viii) Regulatory requirements are communicated to all operating units through awareness campaigns and training to infuse the requirements into the business processes to manage compliance risks.
- (ix) Compliance and process improvement reviews are carried out for the purpose of checking compliance and continuous enhancement on internal control and operational efficiencies, without compromising internal controls and value creation to the shareholders and stakeholders.
- (x) A Code of Conduct is incorporated in the Group’s Employee Handbook and in the Anti-Bribery and Corruption Policy together with the corporate values, which emphasises ethical behaviour, quality products and services. The Code of Conduct must be complied with by all employees and its effectiveness and relevance in the current business environment are reviewed and assessed periodically, and any non-compliances are promptly investigated, acted upon and reported.
- (xi) Sustainability Management Committee (SMART) assists the Board to oversee sustainability initiatives and performance, and to ensure strategies, goals and principles are aligned with its commitment towards sustainability.
- (xii) A formal staff performance appraisal system, guided by key performance indicators to evaluate and measure staff performance and their competency is performed once a year to link performance and remuneration in order to create a high-performance work culture. Training and development programmes are provided to employees to enhance their knowledge and competency in carrying out their duties and responsibilities toward achieving the Group’s objectives.
- (xiii) Key staff and Departmental Heads are enrolled in Leadership and Coach Leader Development Programmes to help raise awareness in their leadership and communication style in order to drive positive results and achieve peak performance.
- (xiv) The Group also practices Annual and Mid-Year Strategy and Budgeting and monitoring process as follows:
  - (a) there is an annual budgeting process for each area of business and approval of the annual budget by the Board; and
  - (b) actual performance is compared with the budget monthly, together with an explanation of any major variance, while the budget for the current financial year is reviewed at least semi-annually. Action plans are formulated to address any areas of concern.
- (xv) Adequate insurance and physical security of major assets are in place to protect the assets of the Group and are sufficiently covered against any mishap that will result in material losses to the Group.
- (xvi) The Group has established and put in place a whistleblowing policy to provide an avenue for the Board, officers and employees as well as members of the public a safe channel for reporting concerns about possible improprieties. Allegation of improprieties, if any, is reported at the Audit Committee Meetings.

The Board is of the view that the Group’s risk management and internal control systems is satisfactory, adequate and effective for the Group’s purpose. The Board will continue to monitor all major risks affecting the Group and take the necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

## Statement on Risk Management and Internal Control

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Statutory Auditors have reviewed this statement for inclusion in the Annual Report of the Group for the financial year ended 31 March 2024. Their review is performed in accordance with Audit and Assurance Practice Guide 3 (“AAPG 3”) issued by the Malaysian Institute of Accountants. The Statutory Auditors’ procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control for the Group.

AAPG 3 does not require the Statutory Auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk and control procedures. Based on their procedures performed, the Statutory Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

**This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 24 May 2024.**

# Audit Committee Report

## MEMBERS OF THE AUDIT COMMITTEE

The composition of the Audit Committee of RCE Capital Berhad is as follows:

Name	Designation	Directorship
Thein Kim Mon	Chairman	Independent Director
Tan Sri Mazlan Mansor	Member	Independent Director
Datuk Mohamed Azmi bin Mahmood	Member	Independent Director
Azura binti Azman	Member	Independent Director
Soo Kim Wai	Member	Non-Independent Non-Executive Director

No alternate Directors were appointed to the Audit Committee. The Audit Committee Chairman, Mr. Thein Kim Mon is a Fellow of the Institute of Chartered Accountants, England and Wales (FCA) and the Institute of Chartered Accountants of Australia (FCA) whereas, Mr. Soo Kim Wai is a member of the Malaysian Institute of Accountants (“MIA”). Accordingly, the Audit Committee meets the requirements of paragraph 15.09(1)(c) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”).

To conform to the Company’s 9-year tenure policy for Independent Directors, Encik Mahadzir bin Azizan who had reached his 9-year term, stepped down as Independent Director of the Company on 30 October 2023 and ipso facto ceased as member of the Audit Committee. Subsequently, Puan Azura binti Azman was appointed as member of the Audit Committee on 1 December 2023. Following the cessation of Encik Mahadzir and the appointment of Puan Azura, the Audit Committee comprises five (5) members, four (4) of whom are Independent Directors.

The Audit Committee members possess a comprehensive understanding of the Group’s business to continuously apply a critical and probing view on the Company’s financial reporting process, transactions and other financial information. The Audit Committee Chairman together with the Audit Committee members play an active role in engaging with the Management, Group Chief Financial Officer, internal auditors and external auditors.

The Board of Directors (“the Board”), via the Nomination & Remuneration (“N&R”) Committee annually reviews the term of office and performance of the Audit Committee and its members through an effectiveness evaluation exercise. The N&R Committee assessed the Audit Committee’s performance for the financial year ended 31 March 2024 and was satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities in accordance with its terms of reference. The Board agreed that the Audit Committee has consistently supported in matters related to the Group’s financial and audit, risk management and internal control, and provided valuable recommendations to the Board for better decision-making and consequently contributing to the efficiency and effectiveness of Board meetings.

## MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2024, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:

Name	No. of Meetings Attended	Percentage of Attendance (%)
Thein Kim Mon	4/4	100
Tan Sri Mazlan Mansor	3/4	75
Datuk Mohamed Azmi bin Mahmood	4/4	100
Azura binti Azman ( <i>Appointed on 1 December 2023</i> )	1/1 <sup>#</sup>	100
Soo Kim Wai	4/4	100
Mahadzir bin Azizan ( <i>Resigned on 30 October 2023</i> )	2/2 <sup>^</sup>	100

Notes:

<sup>#</sup> Reflects the number of meetings held during the financial year following her appointment to the Audit Committee

<sup>^</sup> Reflects the number of meetings held during the financial year prior to his resignation

## Audit Committee Report

The Audit Committee Meetings were conducted in accordance with the requisite quorum as stipulated in the terms of reference of the Audit Committee, which requires at least two (2) members, with the majority of members present must be Independent Directors.

The Chief Executive Officer, Group Chief Financial Officer, Head of Internal Audit and senior management personnel were in attendance at every meeting. Their presence was essential for presenting reports on financial results, audits and other pertinent matters for the Audit Committee's deliberation and approval. In addition, Management representatives of the audit subjects were also invited to the meetings, where required, to provide explanations to the Audit Committee on specific topics or issues arising from the relevant reports.

As for the statutory audit, representatives of the external auditors were invited to the meetings, when necessary, to present and discuss their Audit Planning Memorandum and other relevant matters. The external auditors also attended the meeting where the annual audited financial statements were reviewed and discussed.

This provided a platform for direct interaction between Audit Committee members, Management and auditors, facilitating thorough discussions and informed decision-making.

The Company Secretary acts as the Secretary of the Audit Committee. The Audit Committee members are provided with the agenda and relevant committee papers before each meeting. Minutes of the Audit Committee Meetings will be distributed to the Board for notation and the Chairman of the Audit Committee shall report key issues discussed in the Audit Committee Meetings to the Board.

### TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the Audit Committee is guided by its terms of reference. The terms of reference is accessible on the Company's corporate website at [www.rce.com.my](http://www.rce.com.my).

### SUMMARY OF ACTIVITIES

The key activities undertaken by the Audit Committee in discharging its functions and duties during the financial year were as follows:

#### ■ Financial Results

- a. Reviewed the unaudited quarterly financial results of the Group and related announcements prior to recommending them to the Board for consideration and approval and the release of the Group's results to Bursa Securities. The review included detailed discussions with Chief Executive Officer, Group Chief Financial Officer and senior personnel from Group Finance Department to ensure compliance with the financial reporting standards and clarity of disclosures. Areas of discussion included, amongst others, the overall performance of the Group, including the impact of increase in the Overnight Policy Rate, the prospects of the Group, accounting treatment of significant transactions and the underlying activities that lead to such transactions, impact of the amendments to the Insolvency Act on the Group, the proposed enactment of the Consumer Credit Act and its potential impact to the Group.
- b. Reviewed the annual audited financial statements of the Group with Management and external auditors prior to submission to the Board for their consideration and approval. The review focused particularly on the application of accounting policies and practices, adjustments arising from the audits, significant matters highlighted including financial reporting issues, key audit matters, significant and unusual events/transactions and how these matters were addressed, compliance with applicable approved accounting standards in Malaysia and other legal and regulatory requirements, significant risks and audit focus areas of the Group. Upon deliberation, the Audit Committee concluded that the annual audited financial statements of the Group presented a true and fair view of the Group's financial performance.

## Audit Committee Report

### ■ Internal Audit

- a. Reviewed and approved the Audit Plans and provided constructive feedback on key areas to be included in the Audit Plans. Risks affecting the audit areas determined the frequency of audit coverage.
- b. Reviewed audit focus of internal audit assignments that forms the core areas where the internal auditors carry out their review. The Audit Committee provided feedback on audit focus to the internal auditors for enhancement of audit review.
- c. Reviewed and approved the Internal Audit Charter to ensure the Internal Audit Function is guided by the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework and that the purpose, authority and responsibility of the Internal Audit Function continue to be adequate to enable the Internal Audit Function to accomplish its purpose.
- d. Reviewed the status of information technology ("IT") audit performed by independent service provider to ensure that the Group's IT environment remains intact from the constant evolution of IT threats and vulnerabilities.
- e. Reviewed the Anti-Bribery Framework effectiveness assessment performed by independent service provider to ensure compliance with the Malaysian Anti-Corruption Commission Act 2009 Guidelines on Adequate Procedures (TRUST principles).
- f. Reviewed the internal audit reports, audit recommendations made and adequacy of Management's responses to these recommendations and actions taken to improve the system of internal control and procedures. During the meetings, enquiries were made to both internal auditors and Management over details of issues raised, root causes and the proposed corrective actions. Where appropriate, the Audit Committee directed Management to rectify and improve control procedures. The Audit Committee also provided additional advisories and constructive feedback on issues raised through the discussions with internal auditors and Management to ensure satisfactory and timely remedial actions have been committed by Management to address identified risks.
- g. Monitored and deliberated the implementation of audit recommendations arising from internal audit activities as well as the follow-up audits conducted by internal auditors to ensure that all key risks and controls have been addressed. The Audit Committee also considered the timeliness of completion of the proposed actions and whether such actions had effectively resolved the issues raised.
- h. Reviewed the status of audit assignment reported by the internal auditors to ensure that the progress was in line with the approved Audit Plan.
- i. Reviewed the fees for the outsourcing of the Group's Internal Audit Function to Corporateview Sdn Bhd, a wholly-owned subsidiary of Amcorp Group Berhad and recommended the fees for Board's approval.
- j. Reviewed the resource requirements for the year and assessed the performance and competency of the Internal Audit Function. A formal annual appraisal of the internal auditors was performed on 8 February 2024 where areas reviewed covered adequacy of scope, functions, competency, resources and authority of the Internal Audit Function. The Audit Committee was satisfied that the internal auditors had discharged their duties effectively during the period under review.
- k. Reviewed the objectivity and independence of the Internal Audit Function. On 8 February 2024, the internal auditors confirmed to the Audit Committee of their independence and declared that they did not engage in activities that would impair their independence and are prohibited from auditing functions where they held functional responsibilities in the past twelve (12) months or those they are currently responsible for.

## Audit Committee Report

- l. Reviewed the annual report by the Internal Audit Function on the outcome of Quality Assurance and Improvement Program (“QAIP”) for the period from 1 January 2023 to 31 December 2023 in accordance with the International Professional Practices Framework (“IPPF”). The review covered internal assessment performed by the Internal Audit Function to evaluate conformance to IPPF and the review of competency and professional experience of the internal audit staff. An external assessment was previously conducted in December 2021.
- m. Reviewed the whistleblowing reports received via the whistleblowing channels managed by the Internal Audit Function. All reports received through the whistleblowing channels were tabled to the Audit Committee on a quarterly basis, with pertinent reports, if any, highlighted for deliberation.
- n. Reviewed the Statement on Risk Management and Internal Control to ensure that it is consistent with their understanding of the state of internal control of the Group and recommended the same to the Board for inclusion in the Annual Report. Compliance with the requirements as set out in The Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers on the content of the Statement on Risk Management and Internal Control was also assessed by the Audit Committee.

### ■ External Audit

- a. Reviewed with the external auditors the Audit Planning Memorandum prior to the commencement of the annual audit, which outlined the auditors’ responsibilities, audit materiality, scoping of components, methodology and timetable, significant risks and areas of audit focus, changes to accounting standards, internal control plan, involvement of internal auditors, internal specialists and audit data analytics, independent policies and procedures as well as the proposed fees for the audit and non-audit services for the financial year under review, at the Audit Committee Meeting held on 22 November 2023. The Audit Committee recommended the proposed audit and non-audit fees for the Board’s approval and the same were duly approved by the Board.
- b. Reviewed and deliberated on the external auditors’ presentation of the results of their annual audit for the financial year under review and their audit report in ensuring that appropriate actions have been taken.
- c. Reviewed with the external auditors the impact of new or proposed changes in accounting standards and regulatory requirements.
- d. Reviewed the provision of non-audit services rendered by the external auditors to the Group, in circumstances where the auditors were best qualified and suitable to provide the required services given their comprehensive knowledge of the Group’s business operations, systems and processes. In considering the nature and scope of the non-audit services, the Audit Committee was satisfied that the services were not likely to create any conflict of interest or impair the external auditors’ independence and objectivity.
- e. The Audit Committee noted the external auditors’ presentation of their 2023 Audit Transparency Report at the Audit Committee Meeting held on 22 November 2023.
- f. The Audit Committee noted the new provisions released by the International Ethics Standards Board for Accountants (IESBA) to strengthen auditor independence for public interest entity (PIE) audit clients. The new provisions promote greater public transparency and establish base level requirements for communications between auditors and those charged with governance.
- g. Held two (2) discussions with the external auditors without the presence of Management on 23 May 2023 and 22 November 2023 respectively, to discuss issues requiring attention/significant matters arising from the audit.

## Audit Committee Report

- h. Reviewed, assessed and monitored the performance, suitability and independence of the external auditors. Areas of the performance review included adequacy of audit scope and ability to meet audit deadlines, competency and quality of services rendered, sufficiency of resources, effectiveness of the external auditors' recommendations in addressing any weaknesses observed during the audits, timeliness in escalating audit issues to the Audit Committee, level of communication and interaction by the audit team, and independence, objectivity and professionalism of the audit team. The external auditors had provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements.

In evaluating the external auditors, the Audit Committee had also considered information presented in the external auditors' 2023 Audit Transparency Report.

Following the outcome of the assessment and being satisfied with the external auditors' performance, suitability and independence, the Audit Committee at its meeting held on 24 May 2024 recommended to the Board for approval of the re-appointment of Deloitte PLT as auditors of the Company. A resolution for their re-appointment will be tabled for shareholders' approval at the forthcoming annual general meeting.

### ■ Related Party Transactions

- a. Reviewed the related party transaction entered into by the Group and ensured that the transaction was in the best interest of the Company, fair, reasonable, on normal commercial terms and not detrimental to the interests of the minority shareholders of the Company.
- b. Reviewed the recurrent related party transactions of a revenue or trading nature and any outstanding amount due/owing to the Group by its related parties on a quarterly basis to ensure the amounts transacted were within the approved shareholders' mandate obtained from the shareholders.
- c. Reviewed the Circular to Shareholders in respect of the recurrent related party transactions prior to recommending them for the Board's approval to seek shareholders' mandate at the annual general meeting of the Company.

### ■ Employees' Share Scheme ("ESS")

Reviewed and verified that options allocated and granted during the financial year under the Company's ESS were in accordance with the allocation criteria approved by the ESS Committee and in compliance with the By-Laws of the ESS. Areas reviewed included maximum number of shares available under the ESS, eligibility of the allottees, basis of allocation and option price.

### ■ Risk Management Committee

- a. Reviewed the Risk Management Policy and terms of reference of Risk Management Committee.
- b. Reviewed the deliberations on risk management approaches by the Risk Management Committee. Matters deliberated by Risk Management Committee encompass, amongst others, securing new credit facilities to meet liquidity requirement, Shariah compliance review and endorsement, money laundering and terrorism financing risks review of Institutional Risk Assessment, Anti-Bribery and Corruption Policy in relation to receipt and offering of gifts, hospitality and charitable contributions.
- c. Reviewed the Control Self-Assessment ratings submitted by the respective operations management on a half-yearly basis, which enables the Company to update key risks direction, identify emerging risks and define an adequate and practical mitigation action plan, where necessary.

### ■ Others

- a. Reviewed the Audit Committee Report for inclusion in the Annual Report.
- b. Reviewed the revision to the terms of reference of Audit Committee.
- c. Reviewed the revision to the Whistleblowing Policy.

## Audit Committee Report

- d. Reviewed the revision to the Code of Conduct for Business Partners and Anti-Bribery and Corruption Policy.
- e. Reviewed the proposed engagement of Internal Audit Function to conduct assurance review of the summary of data and performance targets disclosure in the Sustainability Statement for conformance with the prescribed format and followed by recommendation for the Board's approval.

### INTERNAL AUDIT FUNCTION

The Company engaged the services of the internal audit department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit function. The Internal Audit Function is independent of the activities it audits and carries out its works through a risk-based approach by focusing on key risk areas. The costs incurred for the Internal Audit Function of the Group for the financial year ended 31 March 2024 was RM297,620.

The Internal Audit Function reports directly to the Audit Committee and assists the Audit Committee in the discharge of its duties and functions. The independent Internal Audit Function's role is to provide objective assurance and consulting activity designed to add value to and improve the Group's operations.

The Internal Audit Function presents its risk-based Audit Plan, which includes the scope and functions of the Internal Audit for the financial year for consideration and approval of the Audit Committee at the beginning of the financial year. This risk-based Audit Plan is subject to review at the quarterly meetings of the Audit Committee in response to changes in the operational, financial and control environment.

The scope of the internal audit function performed by the internal auditors encompasses audit visits to all relevant subsidiaries of the Group on a regular basis. The objectives of such audit visits are to determine whether adequate controls have been established and are operating in the Group, to provide reasonable assurance that:

- business objectives and policies are adhered to;
- operations are cost-effective and efficient;
- assets and resources are satisfactorily safeguarded and efficiently used;
- integrity of records and information is protected; and
- applicable laws and regulations are complied with.

During the financial year, the Internal Audit Function undertook reviews in accordance with its approved Audit Plan covering the following areas: regulatory compliance, collections, recovery, legal and risk management activities. The Internal Audit Function manages the whistleblowing channels to ensure all the channels are available throughout and reports received are investigated and reported to the Audit Committee. The Internal Audit Function also carried out a review of related party transactions, options allocation under the ESS and Management's self-assessment of risk profiles.

The above reviews performed by the Internal Audit Function provide an indication of the effectiveness of the Group's system of risk management and internal control, and that there is an appropriate balance of controls and risks in achieving the Group's business objectives and policies.

Audit reports, with ratings for both individual findings and overall reports, were issued to highlight any deficiencies or findings requiring Management's attention. Such reports also included practical and cost-effective recommendations as well as proposed corrective actions to be adopted by Management. The audit reports together with Management's responses were reported to the Audit Committee on a quarterly basis. Follow-up audits were then carried out to ensure that the agreed-upon recommendations were implemented by Management appropriately.

Internal Audit Function's conformance to the standards contained in the IPPF as promulgated by The Institute of Internal Auditors were internally assessed during the financial year, where the effectiveness and efficiency of the Internal Audit Function, as well as audit personnel competency and experience, were reviewed. An external assessment was performed in the financial year 2022 in compliance with its QAIP, and these were reported to the Audit Committee.

**This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 24 May 2024.**

# Financial Statements



<b>96</b>	Directors' Report
<b>101</b>	Independent Auditors' Report
<b>105</b>	Statements of Comprehensive Income
<b>106</b>	Statements of Financial Position
<b>108</b>	Statements of Changes in Equity
<b>110</b>	Statements of Cash Flows
<b>112</b>	Notes to the Financial Statements
<b>171</b>	Statement by Directors
<b>171</b>	Declaration by the Officer Primarily Responsible for the Financial Management of the Company

# Directors' Report

The directors of **RCE CAPITAL BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2024.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the holding company in each subsidiary company are disclosed in Note 16 to the financial statements.

## FINANCIAL RESULTS

The audited results of the Group and of the Company for the financial year ended 31 March 2024 are as follows:

	<b>The Group</b>	<b>The Company</b>
	<b>RM</b>	<b>RM</b>
<b>Profit for the financial year</b>	138,752,462	104,135,440

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

## DIVIDENDS

Dividends declared or paid by the Company since the end of the previous financial year are as follows:

	<b>RM</b>
In respect of financial year ended 31 March:	
<b>2024:</b>	
First interim dividend of 8.00 sen per ordinary share, declared on 22 November 2023 and paid on 28 December 2023	58,628,046
<b>2023:</b>	
Second interim dividend of 7.00 sen per ordinary share, declared on 23 May 2023 and paid on 28 June 2023	51,299,540

The Board of Directors ("Board") has declared a second interim dividend of 7.00 sen per ordinary share ("2nd interim dividend") in respect of financial year ended 31 March 2024, to be paid on 27 June 2024. The dividend payable is estimated at RM51,299,540 based on the latest number of ordinary shares, net of treasury shares.

The entitlement date for the dividend payment is 14 June 2024.

This 2nd interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2025.

Total dividend declared in respect of the financial year ended 31 March 2024 is 15.00 sen. This translates to a dividend payout ratio of 79.2%.

The Board does not recommend any final dividend for the financial year ended 31 March 2024.

## Directors' Report

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in Note 28 to the financial statements.

### ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

### TREASURY SHARES

During the financial year, there were no repurchases of the Company's shares from the open market.

The treasury shares were held by the Company in accordance with Section 127 of the Companies Act 2016 in Malaysia.

The Company has the right to cancel, resell, and/or distribute the treasury shares as dividends at a later date or transfer the treasury shares for Employees' Share Scheme ("ESS") or as purchase consideration at a later date. None of the treasury shares repurchased have been sold, cancelled or transferred during the financial year.

As at 31 March 2024, the number of ordinary shares, net of treasury shares is 732,850,571 shares. Further details are disclosed in Note 26 to the financial statements.

### ESS

The ESS which was approved by the shareholders at the Annual General Meeting held on 22 September 2020 is governed by the By-Laws and implemented on 20 October 2020. The ESS is to be in force for a period of five (5) years and may be extended for another five (5) years by the Board upon recommendation of the ESS Committee. The ESS comprises shares and/or options to subscribe for shares of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time for eligible executive directors and employees of the Group.

The salient features of the ESS are disclosed in Note 27 to the financial statements.

The persons to whom the options are granted have no right to participate by virtue of the options in any other share of any other company in the Group.

The details and movements in number of options during the financial year are as follows:

Grant date	Expiry date	Option price RM	Balance as at 1.04.2023	ESS options			Balance as at 31.03.2024
				Granted	Exercised	Cancelled	
21.10.2021	2.01.2024	1.35*	4,793,977	-	(4,793,977)	-	-
17.10.2022	30.11.2024	1.19*	1,703,500	-	(1,603,500)	-	100,000
13.10.2023	19.10.2025	2.28	-	19,111,000	(7,149,500)	(136,000)	11,825,500
			6,497,477	19,111,000	(13,546,977)	(136,000)	11,925,500

\* The option price has been adjusted in accordance with By-Laws 15.1 and 15.5(c) arising from dividends distribution.

## Directors' Report

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the succeeding financial year.

### DIRECTORS

The directors of the Company in office during the financial year and the period from the end of the financial year to the date of this report are as follows:

Shahman Azman  
 Tan Sri Mazlan Bin Mansor  
 Datuk Mohamed Azmi Bin Mahmood  
 Thein Kim Mon  
 Soo Kim Wai  
 Shalina Azman\*  
 Lum Sing Fai  
 Azura Binti Azman (Appointed on 1 December 2023)  
 Mahadzir Bin Azizan (Resigned on 30 October 2023)

\* Director of the Company and subsidiary companies.

## Directors' Report

### LIST OF DIRECTORS OF SUBSIDIARY COMPANIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of directors of the subsidiary companies (excluding director who is also director of the Company) during the financial year and up to the date of this report are as follows:

Loh Kam Chuin  
 Oon Hooi Khee  
 Teoh Boon Wee  
 Rupavathy A/P A.V. Govindasamy^  
 Norhayati Binti Azit^  
 Ng Jui Shan^

^ Directors of the special purpose vehicles, which are included as indirect and not legal subsidiary companies of the Company.

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of directors in office at the end of the financial year in shares and options in the Company during the financial year are as follows:

	Number of ordinary shares			Balance as at 31.03.2024
	Balance as at 1.04.2023	Acquired	Disposed	
<b>The Company</b>				
<b>Direct interest:</b>				
Shahman Azman	600,000	-	-	600,000
Shalina Azman	900,000	-	-	900,000
Lum Sing Fai	996	-	-	996

Other than those disclosed above, none of the other directors in office at the end of the financial year held any interest in shares and options in the Company or its related companies during and at the end of the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of remuneration received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as disclosed in Note 23 to the financial statements.

During and at the end of the financial year, there are no arrangement subsisted to which the Company is a party, whereby directors of the Company might acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate other than the options granted pursuant to the Company's ESS as disclosed in Note 27 to the financial statements.

The directors' remuneration of the Group and of the Company during the financial year are RM1,209,901 and RM663,779 respectively. Further details of directors' remuneration are disclosed in Note 7 to the financial statements.

## Directors' Report

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

The Group and the Company maintain directors and officers' liability insurance for the purpose of Section 289 of the Companies Act 2016 in Malaysia, which provides appropriate insurance cover for their directors and officers throughout the financial year.

The insurance premium paid by the Group during the financial year amounted to RM40,095.

There was no indemnity given to or insurance effected for the auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

### HOLDING COMPANIES

The Company is a subsidiary company of Cempaka Empayar Sdn. Bhd.. The intermediate holding company is Amcorp Group Berhad, a company incorporated in Malaysia. The directors regard Clear Goal Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.

### AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

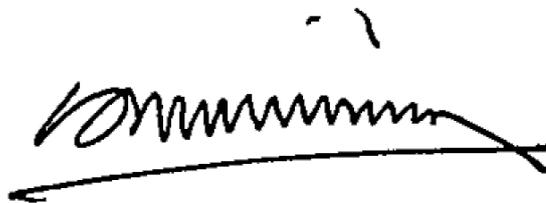
### AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company during the financial year are RM366,000 and RM123,300 respectively. Further details of auditors' remuneration are disclosed in Note 9 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the directors.



SHAHMAN AZMAN



SOO KIM WAI

Kuala Lumpur  
12 June 2024

# Independent Auditors' Report

To the Members of RCE Capital Berhad  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of **RCE CAPITAL BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 March 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information as set out on pages 105 to 170.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2024 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by 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 ethical responsibilities in accordance with the said By-Laws and the IESBA Code.

### Key Audit Matter

Key audit matter presented below is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company of the financial year. This matter was 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 this matter.

#### Key Audit Matter

##### Allowances for impairment on financing receivables

MFRS 9 *Financial Instruments* requires the Group to account for financing receivables loss with a forward looking expected credit loss ("ECL") approach.

The measurement of ECL is complex and requires the application of significant judgement and estimates which includes the identification of credit exposures with a significant increase in credit risk and assumptions used in ECL models such as expected future cash flows, time value of money, forward looking macroeconomic factors and probability-weighted scenario.

#### How the Scope of our Audit Responded to the Key Audit Matter

We performed the following procedures to address the key audit matter:

- Evaluated the design, implementation and operating effectiveness of key controls over impairment of financing receivables.
- Involved information technology ("IT") specialist to test the general IT controls around systems involved in the impairment of financing receivables process.
- Assessed and evaluated the appropriateness of the Group's ECL model, including updates on forward looking macroeconomic factors and probability-weighted scenario.

## Independent Auditors' Report

To the Members of RCE Capital Berhad  
(Incorporated in Malaysia)

### **Key Audit Matter**

#### Allowances for impairment on financing receivables (Cont'd)

Note 3 to the financial statements makes reference to the material accounting policies, Note 18 contains the disclosure of financing receivables and the disclosure of credit risk is in Note 33 to the financial statements.

### **How the Scope of our Audit Responded to the Key Audit Matter**

- Reviewed and tested samples of financing receivables to evaluate if credit staging is appropriately classified in accordance with the Group's definition of significant increase in credit risk.
- Reconciled samples of ECL output from the source system to the general ledger.

### **Other Information**

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

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

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

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

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

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, 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 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of the Group and of the Company.

## Independent Auditors' Report

To the Members of RCE Capital Berhad  
(Incorporated in Malaysia)

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

We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's 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 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 auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation; and
- 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 safeguard 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 of the current year and are therefore the key audit matter. We describe this matter 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.

## Independent Auditors' Report

To the Members of RCE Capital Berhad  
(Incorporated in Malaysia)

### Other Matter

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



DELOITTE PLT (LLP0010145-LCA)  
Chartered Accountants (AF 0080)



MAK WAI KIT  
Partner - 03546/12/2024 J  
Chartered Accountant

12 June 2024

# Statements of Comprehensive Income

For the Financial Year Ended 31 March 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Profit income		290,777,163	280,714,556	-	-
Other revenue		50,881,490	42,917,043	105,330,000	205,330,000
Revenue	5	341,658,653	323,631,599	105,330,000	205,330,000
Other income		37,943,536	28,046,235	318,123	244,399
Profit expense applicable to revenue	6	(98,501,611)	(90,061,373)	-	-
Directors' remuneration	7	(918,790)	(934,540)	(661,750)	(677,500)
Staff costs	8	(31,265,213)	(26,143,762)	-	-
Allowances for impairment loss on receivables, net	9	(30,231,437)	(28,687,565)	-	-
Depreciation of plant and equipment and right-of-use ("ROU") assets	14 - 15	(3,801,830)	(3,581,211)	-	-
Other expenses		(29,770,273)	(18,097,261)	(768,429)	(640,952)
Finance costs	10	(263,796)	(229,972)	-	-
<b>Profit before tax</b>	9	184,849,239	183,942,150	104,217,944	204,255,947
Income tax expense	11	(46,096,777)	(45,157,651)	(82,504)	(65,529)
<b>Profit/Total comprehensive income for the financial year</b>		138,752,462	138,784,499	104,135,440	204,190,418
Attributable to:					
Owners of the Company		138,752,462	138,784,499		
Earnings per ordinary share ("EPS") (sen):					
Basic	12	18.93	18.95		
Diluted	12	18.85	18.85		

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

# Statements of Financial Position

As at 31 March 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Plant and equipment	14	7,251,937	7,240,949	-	-
ROU assets	15	3,739,660	4,663,544	-	-
Investment in subsidiary companies	16	-	-	354,485,812	354,485,812
Goodwill on consolidation	17	47,332,991	47,332,991	-	-
Financing receivables	18	1,745,703,631	1,677,871,003	-	-
Other investments	19	2	2	2	2
Deferred tax assets	20	48,401,472	38,575,273	77,506	84,195
<b>Total Non-Current Assets</b>		<b>1,852,429,693</b>	<b>1,775,683,762</b>	<b>354,563,320</b>	<b>354,570,009</b>
<b>Current Assets</b>					
Financing receivables	18	227,015,134	221,540,853	-	-
Trade receivables	21	54,609,264	53,917,984	-	-
Other receivables, deposits and prepaid expenses	22	21,363,178	16,021,315	169,316	133,482
Amount due from a subsidiary company	23	-	-	10,661,474	14,734,716
Deposits with licensed financial institutions	24	744,951,534	799,886,405	-	-
Cash and bank balances	24	95,250,192	79,780,685	4,098	4,262
<b>Total Current Assets</b>		<b>1,143,189,302</b>	<b>1,171,147,242</b>	<b>10,834,888</b>	<b>14,872,460</b>
<b>Total Assets</b>		<b>2,995,618,995</b>	<b>2,946,831,004</b>	<b>365,398,208</b>	<b>369,442,469</b>

**Statements of Financial Position**

As at 31 March 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	25	201,916,965	201,916,965	201,916,965	201,916,965
Treasury shares	26	(4,947,936)	(4,947,936)	(4,947,936)	(4,947,936)
Reserves	28	632,804,116	608,690,145	167,601,608	171,605,742
<b>Total Equity</b>		<b>829,773,145</b>	<b>805,659,174</b>	<b>364,570,637</b>	<b>368,574,771</b>
<b>Non-Current Liabilities</b>					
Payables and accrued expenses	29	4,909,844	780,224	-	-
Hire-purchase payables	30	919,200	1,160,080	-	-
Financing liabilities	31	1,093,897,972	1,308,537,712	-	-
Lease liabilities	15	1,059,869	2,024,934	-	-
Deferred tax liabilities	20	981,488	1,111,368	-	-
<b>Total Non-Current Liabilities</b>		<b>1,101,768,373</b>	<b>1,313,614,318</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Payables and accrued expenses	29	29,304,096	35,470,050	811,698	858,863
Hire-purchase payables	30	379,602	378,480	-	-
Financing liabilities	31	1,025,685,626	783,006,467	-	-
Lease liabilities	15	965,065	915,149	-	-
Tax liabilities		7,743,088	7,787,366	15,873	8,835
<b>Total Current Liabilities</b>		<b>1,064,077,477</b>	<b>827,557,512</b>	<b>827,571</b>	<b>867,698</b>
<b>Total Liabilities</b>		<b>2,165,845,850</b>	<b>2,141,171,830</b>	<b>827,571</b>	<b>867,698</b>
<b>Total Equity and Liabilities</b>		<b>2,995,618,995</b>	<b>2,946,831,004</b>	<b>365,398,208</b>	<b>369,442,469</b>

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

# Statements of Changes in Equity

For the Financial Year Ended 31 March 2024

The Group	Note	Share Capital RM	Treasury Shares RM	Non-Distributable Reserve ESS RM	Distributable Reserve Retained Earnings RM	Sub-total Reserves RM	Total RM
Balance as at 1 April 2022		200,696,865	(4,947,936)	3,465,887	672,852,899	676,318,786	872,067,715
Total comprehensive income		-	-	-	138,784,499	138,784,499	138,784,499
<b>Transactions with owners</b>							
Dividends	13	-	-	-	(197,842,539)	(197,842,539)	(197,842,539)
Options under ESS:							
- Granted		-	-	2,866,800	-	2,866,800	2,866,800
- Exercised		-	-	(5,035,214)	(6,402,187)	(11,437,401)	(11,437,401)
- Cancelled		-	-	(110,689)	110,689	-	-
Issuance of shares pursuant to options exercised	25	1,220,100	-	-	-	-	1,220,100
Total transactions with owners		1,220,100	-	(2,279,103)	(204,134,037)	(206,413,140)	(205,193,040)
Balance as at 31 March 2023		201,916,965	(4,947,936)	1,186,784	607,503,361	608,690,145	805,659,174
Balance as at 1 April 2023		201,916,965	(4,947,936)	1,186,784	607,503,361	608,690,145	805,659,174
Total comprehensive income		-	-	-	138,752,462	138,752,462	138,752,462
<b>Transactions with owners</b>							
Dividends	13	-	-	-	(109,927,586)	(109,927,586)	(109,927,586)
Options under ESS:							
- Granted		-	-	4,747,172	-	4,747,172	4,747,172
- Exercised		-	-	(2,959,160)	(6,498,917)	(9,458,077)	(9,458,077)
- Cancelled		-	-	(33,999)	33,999	-	-
Total transactions with owners		-	-	1,754,013	(116,392,504)	(114,638,491)	(114,638,491)
Balance as at 31 March 2024		201,916,965	(4,947,936)	2,940,797	629,863,319	632,804,116	829,773,145

## Statements of Changes in Equity

For the Financial Year Ended 31 March 2024

The Company	Note	Share Capital RM	Treasury Shares RM	Non-Distributable Reserve ESS RM	Distributable Reserve Retained Earnings RM	Sub-total Reserves RM	Total RM
Balance as at 1 April 2022		200,696,865	(4,947,936)	3,465,887	163,773,325	167,239,212	362,988,141
Total comprehensive income		-	-	-	204,190,418	204,190,418	204,190,418
<b>Transactions with owners</b>							
Dividends	13	-	-	-	(197,842,539)	(197,842,539)	(197,842,539)
Options under ESS:							
- Granted		-	-	2,866,800	-	2,866,800	2,866,800
- Exercised		-	-	(5,035,214)	187,065	(4,848,149)	(4,848,149)
- Cancelled		-	-	(110,689)	110,689	-	-
Issuance of shares pursuant to options exercised	25	1,220,100	-	-	-	-	1,220,100
Total transactions with owners		1,220,100	-	(2,279,103)	(197,544,785)	(199,823,888)	(198,603,788)
Balance as at 31 March 2023		201,916,965	(4,947,936)	1,186,784	170,418,958	171,605,742	368,574,771
Balance as at 1 April 2023		201,916,965	(4,947,936)	1,186,784	170,418,958	171,605,742	368,574,771
Total comprehensive income		-	-	-	104,135,440	104,135,440	104,135,440
<b>Transactions with owners</b>							
Dividends	13	-	-	-	(109,927,586)	(109,927,586)	(109,927,586)
Options under ESS:							
- Granted		-	-	4,747,172	-	4,747,172	4,747,172
- Exercised		-	-	(2,959,160)	-	(2,959,160)	(2,959,160)
- Cancelled		-	-	(33,999)	33,999	-	-
Total transactions with owners		-	-	1,754,013	(109,893,587)	(108,139,574)	(108,139,574)
Balance as at 31 March 2024		201,916,965	(4,947,936)	2,940,797	164,660,811	167,601,608	364,570,637

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

# Statements of Cash Flows

For the Financial Year Ended 31 March 2024

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	184,849,239	183,942,150	104,217,944	204,255,947
Adjustments for:				
Allowances for impairment loss on receivables, net	30,231,437	28,687,565	-	-
Options granted under ESS	4,747,172	2,866,800	-	-
Depreciation of plant and equipment and ROU assets	3,801,830	3,581,211	-	-
Finance costs	263,796	229,972	-	-
Plant and equipment written off	158	263	-	-
Profit and interest income from deposits with licensed financial institutions	(29,182,648)	(19,010,635)	-	-
Gain on disposal of plant and equipment	(44,000)	(206,837)	-	-
Dividends income	-	-	(105,000,000)	(205,000,000)
Interest income on amount due from a subsidiary company	-	-	(264,487)	(151,439)
Operating Profit/(Loss) Before Working Capital Changes	194,666,984	200,090,489	(1,046,543)	(895,492)
(Increase)/Decrease in working capital:				
Financing receivables	(103,558,741)	(163,960,541)	-	-
Trade receivables	(670,885)	(14,468)	-	-
Other receivables, deposits and prepaid expenses	1,964,593	(8,449,675)	(35,834)	(102,354)
Amount due from a subsidiary company	-	-	6,125,741	(7,290,148)
(Decrease)/Increase in working capital:				
Payables and accrued expenses	(7,224,814)	5,720,041	(47,165)	(49,171)
Cash Generated From/(Used In) Operations	85,177,137	33,385,846	4,996,199	(8,337,165)
Taxes paid	(59,519,246)	(42,848,570)	(85,334)	(37,344)
Taxes refunded	16,887	-	16,557	-
Net Cash Generated From/(Used In) Operating Activities	25,674,778	(9,462,724)	4,927,422	(8,374,509)

## Statements of Cash Flows

For the Financial Year Ended 31 March 2024

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Profit and interest income from deposits with licensed financial institutions received	29,182,648	19,010,635	-	-
Proceeds from disposal of plant and equipment	44,001	206,838	-	-
Additions to plant and equipment	(2,666,834)	(2,525,069)	-	-
Deposit payment for asset under hire-purchase	(43,940)	(250,639)	-	-
Dividends received	-	-	105,000,000	205,000,000
<b>Net Cash Generated From Investing Activities</b>	<b>26,515,875</b>	<b>16,441,765</b>	<b>105,000,000</b>	<b>205,000,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdown of revolving credits	718,414,000	743,028,000	-	-
Issuance of Sukuk Murabahah ("Sukuk")	205,000,000	175,000,000	-	-
Drawdown of term financing/loans	169,992,694	300,000,000	-	-
Drawdown of other financing liabilities	3,614,654	3,625,548	-	-
Proceeds from issuance of shares	-	1,220,100	-	1,220,100
Repayment of revolving credits	(599,114,000)	(651,528,000)	-	-
Redemption of Sukuk	(315,000,000)	(200,000,000)	-	-
Repayment of term financing/loans	(148,014,174)	(82,757,008)	-	-
Dividends paid	(109,927,586)	(197,842,539)	(109,927,586)	(197,842,539)
Withdrawal/(Placements) of deposits, cash and bank balances, net:				
Assigned in favour of the trustees	60,882,381	(159,820,220)	-	-
Pledged to licensed financial institutions	(13,026,758)	79,159,788	-	-
Cash settlement for ESS	(11,510,366)	(13,518,217)	-	-
Repayment of other financing liabilities	(3,614,654)	(3,625,548)	-	-
Repayment of lease liabilities	(915,149)	(840,198)	-	-
Repayment of hire-purchase payables	(389,758)	(355,382)	-	-
Finance costs paid	(191,678)	(229,972)	-	-
<b>Net Cash Used In Financing Activities</b>	<b>(43,800,394)</b>	<b>(8,483,648)</b>	<b>(109,927,586)</b>	<b>(196,622,439)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>8,390,259</b>	<b>(1,504,607)</b>	<b>(164)</b>	<b>3,052</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>39,496,796</b>	<b>41,001,403</b>	<b>4,262</b>	<b>1,210</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 24)</b>	<b>47,887,055</b>	<b>39,496,796</b>	<b>4,098</b>	<b>4,262</b>

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

# Notes to the Financial Statements

31 March 2024

## 1. CORPORATE INFORMATION

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

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at 20th Floor, Menara Teo Chew, No. 1 Jalan Lumut, 50400 Kuala Lumpur, Malaysia.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiary companies are as disclosed in Note 16. There have been no significant changes in the nature of these principal activities during the financial year other than as disclosed in Note 16.

The financial statements of the Group and of the Company have been authorised by the Board for issuance on 12 June 2024.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgements in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

### 2.1 Changes in Accounting Policies

As at the date of issuance of the financial statements, amendments of MFRS which are relevant to the operations of the Group and of the Company are as follows:

Amendments to:

MFRS 101	Disclosure of Accounting Policies
MFRS 108	Definition of Accounting Estimates
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction International Tax Reform - Pillar Two Model Rules

The adoption of the above amendments does not have any material effect to the Group and to the Company.

## Notes to the Financial Statements

31 March 2024

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

#### 2.2 Amendments Issued But Not Yet Effective

The Group and the Company have not adopted the following relevant amendments that have been issued but not yet effective:

Amendments to:

MFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
MFRS 7 and MFRS 107	Supplier Finance Arrangements <sup>1</sup>
MFRS 101	Classification of Liabilities as Current or Non-current <sup>1</sup> Non-current Liabilities with Covenants <sup>1</sup>
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective date deferred to a date to be announced by Malaysian Accounting Standards Board

The Group and the Company will adopt the above amendments when they become effective. The adoption will not result in any significant financial impact on the financial statements of the Group and of the Company.

### 3. MATERIAL ACCOUNTING POLICIES

#### 3.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the accounting policies below.

#### 3.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the acquisition method of accounting. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at its acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill in the statements of financial position (see Note 3.7 on Goodwill on Consolidation). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.2 Basis of Consolidation (Cont'd)

Subsidiary companies are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiary companies.

Control is achieved when the Group:

- (a) has power over the investee;
- (b) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (c) has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- (a) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (b) potential voting rights held by the Group, other vote holders or other parties;
- (c) rights arising from other contractual arrangements; and
- (d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting pattern at previous shareholders' meetings.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

When the Group ceases to have control, any retained interest in the subsidiary company is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented within equity in the statements of financial position, separately from equity attributable to owners of the Company.

For each business combination, any non-controlling interest in the acquiree (if any) is recognised by the Group on the acquisition date either at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

All profit or loss and each component of other comprehensive income of the subsidiary companies are attributed to the owners of the Company and to the non-controlling interest even if the attribution of losses to the non-controlling interest results in a deficit balance in the shareholders' equity.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.3 Revenue and Other Income

Revenue of the Group consists mainly of profit/interest and fee income from consumer financing, factoring and confirming activities and fee income from processing and administration of payroll collection.

Revenue of the Company consists of dividend income from subsidiary companies and strategic management fee.

Revenue is recognised when the Group and the Company have satisfied a performance obligation by transferring control of a service (i.e. contract asset) to a customer. The amount of revenue recognised is the amount of the transaction price allocated to the performance obligation. Transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised services, excluding the amount collected on behalf of third parties. The transaction price is allocated to each performance obligation on the basis of relative stand-alone selling prices of each distinct service in the contract as below:

**(a) Fee income from consumer financing, factoring and confirming**

Fee income from consumer financing, factoring and confirming are recognised at a point in time when the Group satisfies its performance obligation upon rendering its services.

**(b) Fee income from processing and administration of payroll collection**

Fee income from processing and administration of payroll collection is recognised at a point in time when services are rendered.

**(c) Strategic management fee**

Strategic management fee is recognised at a point in time when services are rendered.

The Group's other sources of revenue and income are recognised as follows:

**(a) Profit/Interest income**

Profit/Interest income is recognised using the effective profit/interest method.

**(b) Dividend income**

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

**(c) Profit/Interest income from deposits with licensed financial institutions**

Profit/Interest income from deposits with licensed financial institutions is recognised on an accrual basis using the effective profit/interest method.

#### 3.4 Plant and Equipment and Depreciation

Plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.4 Plant and Equipment and Depreciation (Cont'd)

Subsequent to initial recognition, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Office equipment, furniture and fittings	20%
Motor vehicles	20%
Office renovation	20%
Computers and IT equipment	25% - 50%

Work-in-progress is not depreciated until it is completed and ready for intended use.

At each reporting date, the carrying amount of an item of plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.9(b) on Impairment of Other Non-Financial Assets).

The residual values, useful lives and depreciation method are reviewed at each reporting date 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 plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of plant and equipment is derecognised on 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 amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

Motor vehicles under hire purchase arrangement are presented under ROU assets in statements of financial position in accordance to the MFRS 16 (see Note 3.5(a)(i) on ROU assets).

#### 3.5 Leases and Hire-Purchase

##### (a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

##### (i) ROU assets

The Group recognises ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets are as follows:

Office floors	59 - 76 months
Motor vehicles	60 months

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.5 Leases and Hire-Purchase (Cont'd)

##### (a) Group as a lessee (Cont'd)

###### (i) ROU assets (Cont'd)

The ROU assets are subject to impairment (see Note 3.9(b) on Impairment of Other Non-Financial Assets).

###### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of the lease payments, the Group uses its incremental financing liabilities rate at the lease commencement date because the rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit/interest and reduced for the lease payments made. In addition, the carrying amounts of lease liabilities are remeasured if there is a modification, a change in the lease term or a change in the lease payments.

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

###### (iii) Short-term leases and leases of low value assets

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

##### (b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight line basis over the lease term and is included as income in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

#### 3.6 Investment in Subsidiary Companies

A subsidiary company is an entity, including structured entity, controlled by the Company.

Investment in subsidiary companies, which is eliminated on consolidation, is stated at costless accumulated impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.7 Goodwill on Consolidation

Goodwill arising on consolidation is the excess of cost of investment over the Group's share of the net fair value of net assets of the acquiree's identifiable assets, liabilities and contingent liabilities, and is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGUs is less than the carrying amount of the unit, 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 on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

#### 3.8 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, plus transaction costs, except for those financial assets classified as fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

The Group and the Company classified the financial assets in the following measurement categories: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

The Group and the Company determine the classification of financial assets at initial recognition. The financial assets are not subsequently reclassified unless the Group and the Company change its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### (a) Classification and subsequent measurement

###### (i) Amortised cost

Financial assets are measured at amortised cost if the financial assets 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 ("SPPI") on the principal amount outstanding.

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective profit/interest method. Gains and/or losses are recognised in profit or loss upon derecognition, reclassification or impairment, and through the amortisation process.

Profit/Interest income calculated using the effective profit/interest method is recognised in profit or loss. A modification gain or loss is recognised in profit or loss when the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset.

Financial assets measured at amortised cost are classified as current assets, except for those having maturity later than twelve (12) months after the reporting date which are classified as non-current.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.8 Financial Assets (Cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

#### 3.9 Impairment of Assets

##### (a) Financial assets

Expected credit loss ("ECL") is derived from unbiased and probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

The Group and the Company apply a three-stage approach to measure ECL on financial assets measured at amortised cost. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

##### (i) Stage 1: 12-months ECL - not credit impaired

For financial assets where there have not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next twelve (12) months is recognised.

##### (ii) Stage 2: Lifetime ECL - not credit impaired

For financial assets where there have been a significant increase in credit risk since initial recognition but that are not credit impaired and not originated credit-impaired financial assets, a lifetime ECL is recognised.

##### (iii) Stage 3: Lifetime ECL - credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired but not originated credit-impaired financial assets, a lifetime ECL is recognised and profit/interest income is calculated by applying the effective profit/interest rate ("EPR/EIR") to the amortised cost (net of provision) rather than the gross carrying amount.

The measurement of ECL is a function of the probability of default ("PD"), loss given default ("LGD") (i.e. the magnitude of the loss if there is a default) and the exposure at default ("EAD"). The assessment of the PD and LGD is based on historical data with consideration of forward looking information, using not only past and current information, but also forward looking information.

In the measurement of ECL, forward looking adjustment is in accordance with the expected future macroeconomic conditions, including combination of statistical analysis and expert judgements based on the availability of detailed information. In addition, key macroeconomic variables encompassed in ECL measurement include probability-weighted scenarios based on available forecasts.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.9 Impairment of Assets (Cont'd)

##### (a) Financial assets (Cont'd)

At each reporting date, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the remaining expected life between reporting date and the date of initial recognition. The Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information.

The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on a basis of shared credit risk characteristics, taking into account the collection mode, disbursement period and other relevant factors.

If in a subsequent period, the asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance for that financial asset reverts from lifetime ECL to 12-months ECL.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. In assessing whether a customer is in default, the Group and the Company consider indicators that are qualitative and quantitative such as where the principal and/or profit of the financial asset is past due a certain period of time.

For financial assets measured at amortised cost other than financing receivables, the Group and the Company apply the simplified approach as permitted by MFRS 9, which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. The ECL is computed based on provisional matrix.

The Group's assessments on changes in credit risk are disclosed in Note 33(b).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, the financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due as disclosed in Note 33(b).

##### (b) Other non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the CGUs to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.9 Impairment of Assets (Cont'd)

##### (b) Other non-financial assets (Cont'd)

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### 3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with licensed financial institutions and other short-term, highly liquid investments generally with maturities of three (3) months or less, which are readily convertible to known cash with insignificant risk of changes in value.

#### 3.11 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities 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 liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### (a) Other financial liabilities

The Group and the Company's other financial liabilities include payables and financing liabilities.

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

Financing liabilities are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective profit/interest method.

Financing liabilities are classified as current liabilities unless the Group and the Company have an unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.12 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- (a) the amount of the loss allowance; and
- (b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15.

Liabilities arising from financial guarantees are presented together with other provisions.

#### 3.13 Income Taxes

##### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

##### (b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base. Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits 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 future taxable profits 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 future taxable profits will be available, such reductions will be reversed to the extent of the future taxable profits.

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 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 at the reporting date.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.14 Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of the resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

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 resources embodying economic benefits 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 finance cost.

#### 3.15 Employee Benefits

##### (a) Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences.

##### (b) Defined contribution plan

The Group and the Company make statutory contributions to the Employee Provident Fund, a defined contribution pension scheme. Contributions are charged to profit or loss in the period in which the related service is performed. Once the contributions have been paid, the Group and the Company have no further payment obligations.

##### (c) Share-based compensation

The Group and the Company operate share-based compensation plan, wherein shares or options to subscribe for shares of the Company are granted to eligible directors and employees of the Group based on certain financial and performance criteria and such conditions as it may deem fit.

For an equity-settled share-based compensation plan, the total fair value of options granted to eligible directors and employees is recognised as an employee cost with a corresponding increase in the options reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

The equity amount is recognised as non-distributable reserve until the option is exercised or until the option expires, upon which it will be transferred directly to retained earnings.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.15 Employee Benefits (Cont'd)

##### (c) Share-based compensation (Cont'd)

If the share-based compensation plan provides a choice of cash settlement to the eligible directors and employees, the Group and the Company are required to account for that transaction or the components of the transaction as cash-settled share-based payment transaction. In this regards, the Group and the Company have incurred a liability to settle in cash or other assets or as an equity-settled share-based payment transaction.

#### 3.16 Foreign Currencies

##### (a) Functional and presentation currency

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

##### (b) Foreign currency transactions and balances

In preparing the financial statements of the Group, transactions in foreign currency other than the entity's functional currency are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting date, foreign currency monetary assets and liabilities are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary items that are measured at fair value in a foreign currency 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 translated using the exchange rates at the date of the transactions.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of foreign currency 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 or losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are recognised directly to other comprehensive income.

#### 3.17 Share Capital and Share Issuance Expenses

An equity instrument is a contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities.

Ordinary shares are classified as equity instruments. Costs directly attributable to equity transactions are accounted for as a deduction, net of tax, from equity.

Distributions to holders of ordinary shares are debited directly to equity and interim dividends declared on or before the end of the reporting date are recognised as liabilities. Final dividends are recognised upon the approval of shareholders in a general meeting.

## Notes to the Financial Statements

31 March 2024

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### 3.18 Treasury Shares

Shares repurchased by the Company are held as treasury shares and are measured and carried at the cost of purchase. Treasury shares are presented in the financial statements as a set-off against 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 re-issued by re-sale in the open market, the difference between the sales consideration and the carrying amount is recognised in equity. When treasury shares are distributed as share dividend, the cost of the treasury shares is applied in the reduction of the distributable retained earnings.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

#### 4.1 Critical Judgements Made in Applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, which are described in Note 3, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements, except for those involving estimations which are dealt with in Note 4.2 below.

#### 4.2 Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following:

##### (a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable pre-tax discount rate in order to calculate the present value of those cash flows.

The expected future cash flows used in impairment testing are based on the estimates derived from historical, industry trend, economic conditions and other information available in the general market.

##### (b) Allowances for impairment loss on receivables

The Group records impairment losses on its receivables using ECL models. The impairment losses computed based on the ECL models require judgement to ensure impairment losses recorded reflect the credit risk of the Group's receivables in accordance with the requirements of MFRS 9. Areas of judgement include determination of criteria for significant increase in credit risk, selection of appropriate models and measurement of EAD, PD and LGD and the application of forward looking information into the ECL models.

The application of forward looking information includes sourcing of economic variables forecast periodically, complemented by regression testing. As with any economic forecasts, the projections and likelihoods of occurrence are subject to inherent uncertainty. The Group considers these forecasts represent its best estimate and appropriately represent a range of forward looking economic scenarios and their probability weightings to derive at the economic inputs and the effect on EAD, PD and LGD.

## Notes to the Financial Statements

31 March 2024

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

#### 4.2 Key Sources of Estimation Uncertainty (Cont'd)

##### (c) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, tax losses and capital allowances 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.

### 5. REVENUE

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Profit income:				
Consumer financing	283,768,421	272,376,992	-	-
Murabahah financing	5,511,322	5,500,000	-	-
	289,279,743	277,876,992	-	-
Interest income:				
Consumer financing	1,244,916	2,524,819	-	-
Factoring and confirming	252,504	312,745	-	-
	1,497,420	2,837,564	-	-
	290,777,163	280,714,556	-	-
Other revenue:				
Shariah fee income from:				
Consumer financing	38,088,054	30,963,509	-	-
Processing and administration of payroll collection	10,005,373	9,345,056	-	-
Wakalah fee	1,838,000	1,860,320	-	-
Murabahah financing	800,000	600,000	-	-
	50,731,427	42,768,885	-	-
Factoring and confirming	127,834	124,759	-	-
Processing and administration of payroll collection	22,229	23,399	-	-
Dividend income from subsidiary companies	-	-	105,000,000	205,000,000
Strategic management fee from a subsidiary company (Note 23)	-	-	330,000	330,000
	50,881,490	42,917,043	105,330,000	205,330,000
	341,658,653	323,631,599	105,330,000	205,330,000

## Notes to the Financial Statements

31 March 2024

### 5. REVENUE (CONT'D)

During the financial year, the other revenue of the Group and of the Company, which are recognised at a point in time is as below:

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Shariah fee income from:				
Consumer financing	38,088,054	30,963,509	-	-
Processing and administration of payroll collection	10,005,373	9,345,056	-	-
Wakalah fee	1,838,000	1,860,320	-	-
Murabahah financing	800,000	600,000	-	-
	50,731,427	42,768,885	-	-
Factoring and confirming	127,834	124,759	-	-
Processing and administration of payroll collection	22,229	23,399	-	-
Dividend income from subsidiaries	-	-	105,000,000	205,000,000
Strategic management fee from a subsidiary company	-	-	330,000	330,000
	50,881,490	42,917,043	105,330,000	205,330,000

### 6. PROFIT EXPENSE APPLICABLE TO REVENUE

	The Group	
	2024	2023
	RM	RM
Profit expense on:		
Sukuk	57,077,305	64,484,193
Term financing	9,957,905	7,952,506
Revolving credits	9,160,410	6,931,403
	76,195,620	79,368,102
Interest expense on:		
Revolving credits	11,807,314	8,681,411
Term loans	10,484,764	1,995,761
Bankers' acceptances	13,913	16,097
Bank overdrafts	-	2
	22,305,991	10,693,271
	98,501,611	90,061,373

## Notes to the Financial Statements

31 March 2024

### 7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Directors of the Company:				
Fees	593,750	612,500	593,750	612,500
Other emoluments	284,000	281,000	68,000	65,000
Defined contributions	41,040	41,040	-	-
	918,790	934,540	661,750	677,500
Benefits-in-kind	291,111	193,606	2,029	2,232
Total directors' remuneration	1,209,901	1,128,146	663,779	679,732

The directors' remuneration represents amounts paid to or receivable by the directors for the respective financial year and are disclosed in accordance with Fifth Schedule (2) of the Companies Act 2016 in Malaysia. These have been accrued in profit or loss over one (1) or more financial years.

During the financial year:

- (a) no professional fee are paid to directors or any firms of which directors are members for services rendered to the Group and the Company; and
- (b) no amount is paid to or receivable by any third party for services provided by directors to the Group and the Company.

### 8. STAFF COSTS

	The Group	
	2024	2023
	RM	RM
Salaries	20,194,145	17,918,678
Options granted under ESS	4,747,172	2,866,800
Defined contributions	2,715,437	2,483,683
Social security contributions	188,965	168,145
Others	3,419,494	2,706,456
	31,265,213	26,143,762

## Notes to the Financial Statements

31 March 2024

### 9. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit income from deposits with licensed Islamic financial institutions	(29,169,920)	(18,988,806)	-	-
Interest income from deposits with licensed financial institutions	(12,728)	(21,829)	-	-
	(29,182,648)	(19,010,635)	-	-
Bad debt recoveries	(7,510,386)	(7,610,465)	-	-
Gain on disposal of plant and equipment	(44,000)	(206,837)	-	-
Interest income on amount due from a subsidiary company (Note 23)	-	-	(264,487)	(151,439)
Allowances for impairment loss on receivables, net	30,231,437	28,687,565	-	-
Sales and marketing expenses	6,766,434	1,576,051	-	-
Sukuk issuance expense	4,021,331	3,730,658	-	-
Collection fee	3,291,183	3,303,138	-	-
Facility fee	2,973,630	392,081	-	-
Legal and professional fee	2,967,454	913,258	174,359	199,470
Management fee paid/payable to a related party (Note 23)	1,562,000	1,420,100	-	-
Auditors' remuneration:				
Statutory audit	355,000	341,550	112,300	107,000
Non-statutory audit	11,000	18,000	11,000	18,000
	366,000	359,550	123,300	125,000
Internal audit fee paid to a related party (Note 23)	271,620	274,670	124,590	122,600
Rental of:				
Disaster recovery centre	222,931	227,310	-	-
Warehouse	94,564	78,803	-	-
Expenses relating to leases of low value assets	68,740	69,106	-	-
Plant and equipment written off	158	263	-	-

### 10. FINANCE COSTS

	The Group	
	2024 RM	2023 RM
Interest expense on:		
Lease liabilities	134,197	186,627
Hire-purchase payables	57,481	43,345
Unwinding of discount on payables	72,118	-
	263,796	229,972

## Notes to the Financial Statements

31 March 2024

### 11. INCOME TAX EXPENSE

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Income tax payable:				
Current year	56,134,861	43,591,610	75,823	58,450
(Over)/Under provision in prior years	(82,005)	(487,309)	(8)	11
	56,052,856	43,104,301	75,815	58,461
Deferred tax (Note 20):				
Current year	(9,945,553)	1,983,381	6,700	6,974
(Over)/Under provision in prior years	(10,526)	69,969	(11)	94
	(9,956,079)	2,053,350	6,689	7,068
Income tax expense	46,096,777	45,157,651	82,504	65,529

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:

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Profit before tax	184,849,239	183,942,150	104,217,944	204,255,947
Tax at applicable statutory tax rate of 24% (2023: 24%)	44,363,817	44,146,116	25,012,307	49,021,427
Tax effects of:				
Expenses not deductible for tax purposes	1,875,969	1,476,525	270,260	244,036
Income not subject to tax	(7,922)	(46,737)	(25,200,044)	(49,200,039)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	2,942	3,026	-	-
Realisation of deferred tax assets not recognised previously	(45,498)	(3,939)	-	-
Tax at effective tax rate	46,189,308	45,574,991	82,523	65,424
(Over)/Under provision in prior years	(82,005)	(487,309)	(8)	11
(Over)/Under provision of deferred tax in prior years	(10,526)	69,969	(11)	94
Income tax expense	46,096,777	45,157,651	82,504	65,529

The Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated taxable profits for the year of assessment 2024. The computation of deferred tax as at 31 March 2024 uses the same statutory tax rate.

## Notes to the Financial Statements

31 March 2024

### 12. EPS

#### (a) Basic EPS

	The Group	
	2024	2023
	RM	RM
Profit for the financial year attributable to ordinary equity holders of the Company	138,752,462	138,784,499
Weighted average number of ordinary shares in issue:		
Balance net of treasury shares as at beginning of financial year	732,850,571	731,770,836
Effects of shares pursuant to ESS exercised	-	653,079
Balance as at end of financial year	732,850,571	732,423,915
Basic EPS (sen)	18.93	18.95

The basic EPS of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

#### (b) Diluted EPS

	The Group	
	2024	2023
	RM	RM
Profit for the financial year attributable to ordinary equity holders of the Company	138,752,462	138,784,499
Weighted average number of ordinary shares in issue	732,850,571	732,423,915
Effects of dilution of ESS	3,428,659	3,720,806
Adjusted weighted average number of ordinary shares in issue	736,279,230	736,144,721
Diluted EPS (sen)	18.85	18.85

The diluted EPS of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares adjusted for dilutive effects of ESS.

## Notes to the Financial Statements

31 March 2024

### 13. DIVIDENDS

	The Company	
	2024	2023
	RM	RM
Recognised during the financial year:		
Second interim dividend for 2022:		
4.00 sen per ordinary share, paid on 30 June 2022	-	29,286,908
First interim dividend for 2023:		
5.00 sen per ordinary share, paid on 30 December 2022	-	36,642,528
Special interim dividend for 2023:		
18.00 sen per ordinary share, paid on 30 December 2022	-	131,913,103
	-	197,842,539
Second interim dividend for 2023:		
7.00 sen per ordinary share, paid on 28 June 2023	51,299,540	-
First interim dividend for 2024:		
8.00 sen per ordinary share, paid on 28 December 2023	58,628,046	-
	109,927,586	197,842,539

The Board has declared a second interim dividend of 7.00 sen per ordinary share ("2nd interim dividend") in respect of financial year ended 31 March 2024, to be paid on 27 June 2024. The dividend payable is estimated at RM51,299,540 based on the latest number of ordinary shares, net of treasury shares.

The entitlement date for the dividend payment is 14 June 2024.

This 2nd interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2025.

Total dividend declared in respect of the financial year ended 31 March 2024 is 15.00 sen. This translates to a dividend payout ratio of 79.2%.

The Board does not recommend any final dividend for the financial year ended 31 March 2024.

## Notes to the Financial Statements

31 March 2024

## 14. PLANT AND EQUIPMENT

The Group	Office equipment, furniture and fittings	Computers and IT equipment	Motor vehicles	Office renovation	Work-in- progress	Total
	RM	RM	RM	RM	RM	RM
<b>Cost</b>						
Balance as at 1 April 2022	2,379,547	23,367,833	-	2,540,722	726,684	29,014,786
Additions	105,223	1,599,169	-	296,718	1,390,556	3,391,666
Write off	(42,160)	(163,936)	-	(79,875)	-	(285,971)
Disposals	-	-	(842,424)	-	-	(842,424)
Reclassification	-	344,420	-	-	(344,420)	-
Reclassification from ROU assets upon expiration of lease contracts (Note 15)	-	-	842,424	-	-	842,424
Balance as at 31 March 2023/ 1 April 2023	2,442,610	25,147,486	-	2,757,565	1,772,820	32,120,481
Additions	4,400	1,719,258	-	42,028	936,981	2,702,667
Write off	(760)	(1,225,110)	-	-	-	(1,225,870)
Disposals	-	-	(170,074)	-	-	(170,074)
Reclassification	-	2,125,694	-	-	(2,125,694)	-
Reclassification from ROU assets upon expiration of lease contracts (Note 15)	-	-	674,104	-	-	674,104
Balance as at 31 March 2024	2,446,250	27,767,328	504,030	2,799,593	584,107	34,101,308

## Notes to the Financial Statements

31 March 2024

### 14. PLANT AND EQUIPMENT (CONT'D)

The Group	Office equipment, furniture and fittings	Computers and IT equipment	Motor vehicles	Office renovation	Work-in- progress	Total
	RM	RM	RM	RM	RM	RM
<b>Accumulated depreciation</b>						
Balance as at 1 April 2022	1,705,434	19,568,989	-	1,386,384	-	22,660,807
Charge for the financial year	237,096	1,873,637	-	393,700	-	2,504,433
Write off	(42,010)	(163,846)	-	(79,852)	-	(285,708)
Disposals	-	-	(842,423)	-	-	(842,423)
Reclassification from ROU assets upon expiration of lease contracts (Note 15)	-	-	842,423	-	-	842,423
Balance as at 31 March 2023/ 1 April 2023	1,900,520	21,278,780	-	1,700,232	-	24,879,532
Charge for the financial year	232,296	2,040,519	-	418,707	-	2,691,522
Write off	(757)	(1,224,955)	-	-	-	(1,225,712)
Disposals	-	-	(170,073)	-	-	(170,073)
Reclassification from ROU assets upon expiration of lease contracts (Note 15)	-	-	674,102	-	-	674,102
Balance as at 31 March 2024	2,132,059	22,094,344	504,029	2,118,939	-	26,849,371
<b>Carrying amount</b>						
Balance as at 31 March 2023	542,090	3,868,706	-	1,057,333	1,772,820	7,240,949
Balance as at 31 March 2024	314,191	5,672,984	1	680,654	584,107	7,251,937

During the financial year, the Group acquired plant and equipment at an aggregate cost of RM2,702,667 (2023: RM3,391,666) as follows:

	The Group	
	2024 RM	2023 RM
Acquired via:		
Cash payments	2,666,834	2,525,069
Payables	35,833	866,597
	2,702,667	3,391,666

## Notes to the Financial Statements

31 March 2024

### 15. ROU ASSETS AND LEASE LIABILITIES

The carrying amounts of ROU assets recognised and movements during the financial year are as follows:

The Group	Office floors	Motor vehicles	Total
	RM	RM	RM
<b>Cost</b>			
Balance as at 1 April 2022	5,390,523	2,103,672	7,494,195
Additions	152,729	1,560,639	1,713,368
Termination	(49,289)	-	(49,289)
Reclassification to plant and equipment upon expiration of lease contracts (Note 14)	-	(842,424)	(842,424)
Balance as at 31 March 2023/1 April 2023	5,493,963	2,821,887	8,315,850
Additions	-	186,426	186,426
Reclassification to plant and equipment upon expiration of lease contracts (Note 14)	-	(674,104)	(674,104)
Balance as at 31 March 2024	5,493,963	2,334,209	7,828,172
<b>Accumulated depreciation</b>			
Balance as at 1 April 2022	2,003,396	1,463,844	3,467,240
Charge for the financial year	854,216	222,562	1,076,778
Termination	(49,289)	-	(49,289)
Reclassification to plant and equipment upon expiration of lease contracts (Note 14)	-	(842,423)	(842,423)
Balance as at 31 March 2023/1 April 2023	2,808,323	843,983	3,652,306
Charge for the financial year	890,096	220,212	1,110,308
Reclassification to plant and equipment upon expiration of lease contracts (Note 14)	-	(674,102)	(674,102)
Balance as at 31 March 2024	3,698,419	390,093	4,088,512
<b>Carrying amount</b>			
Balance as at 31 March 2023	2,685,640	1,977,904	4,663,544
Balance as at 31 March 2024	1,795,544	1,944,116	3,739,660

The following are the amounts recognised in profit or loss:

	The Group	
	2024	2023
	RM	RM
Depreciation of ROU assets	1,110,308	1,076,778
Interest expense on lease liabilities	134,197	186,627
Expenses relating to leases of low value assets	68,740	69,106
	1,313,245	1,332,511

## Notes to the Financial Statements

31 March 2024

### 15. ROU ASSETS AND LEASE LIABILITIES (CONT'D)

The Group leases office floors and motor vehicles under hire-purchase arrangement with average lease term of five (5) (2023: five (5)) years. The Group also has certain leases with low value assets. The Group applies the recognition exemptions for this leases as permitted by MFRS 16.

The details of lease liabilities are as follows:

	The Group	
	2024	2023
	RM	RM
Total outstanding	2,142,852	3,192,198
Less: Future finance charges	(117,918)	(252,115)
Principal outstanding	2,024,934	2,940,083
Less: Amount due within one (1) year	(965,065)	(915,149)
Non-current portion	1,059,869	2,024,934

The weighted average discount rate applied ranges from 4.87% to 5.83% (2023: 4.87% to 5.83%) per annum. The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The maturity profile of the lease liabilities are as follows:

	The Group	
	2024	2023
	RM	RM
On demand or within one (1) year	965,065	915,149
More than one (1) year and less than two (2) years	1,059,869	965,065
More than two (2) and less than five (5) years	-	1,059,869
	2,024,934	2,940,083

A reconciliation of lease liabilities to cash flows arising from financing activities are as follows:

	The Group	
	2024	2023
	RM	RM
Balance as at 1 April	2,940,083	3,627,552
Cash flows	(1,049,346)	(1,026,825)
Additions	-	152,729
Other changes	134,197	186,627
Balance as at 31 March	2,024,934	2,940,083

Included in other changes is accrued interest expense.

## Notes to the Financial Statements

31 March 2024

## 16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2024	2023
	RM	RM
Unquoted shares, at cost	354,485,812	354,485,812

The details of the subsidiary companies are as follows:

	Place of Business/ Country of Incorporation	Effective Ownership Interest and Voting Interest		Principal Activities
		2024	2023	
		%	%	
<b>Direct subsidiary companies</b>				
RCE Marketing Sdn. Bhd. ("RCEM")	Malaysia	100	100	Provision of shariah-compliant and conventional financing services
Mezzanine Enterprise Sdn. Bhd.	Malaysia	100	100	Provision of financial administrative services
RCE Factoring Sdn. Bhd. ("RCEF")	Malaysia	100	100	Confirming and factoring, provision of shariah-compliant financing services, industrial hire-purchase specialising in trade-related activities and general trading
EXP Payment Sdn. Bhd. ("EXP")	Malaysia	100	100	Processing and administration of payroll collection
<b>Indirect subsidiary companies</b>				
RCE Equity Sdn. Bhd. <sup>π</sup>	Malaysia	100	100	Provision of financial administrative services
RCE Sales Sdn. Bhd. <sup>π</sup>	Malaysia	100	100	Provision of shariah-compliant and conventional financing services
RCE Trading Sdn. Bhd. ("RCET") <sup>π</sup>	Malaysia	100	100	Investment of securities
Al Dzahab Assets Berhad ("ADA") <sup>π</sup>	Malaysia	100	100	A special purpose vehicle established to acquire a pool of eligible financing receivables from its immediate holding company and to issue Sukuk to fund the purchase of such financing

## Notes to the Financial Statements

31 March 2024

### 16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Place of Business/ Country of Incorporation	Effective Ownership Interest and Voting Interest		Principal Activities
		2024 %	2023 %	
Zamarad Assets Berhad ("ZAB") <sup>π</sup>	Malaysia	100	100	A special purpose vehicle established to acquire a pool of eligible financing receivables from its immediate holding company and to issue Sukuk to fund the purchase of such financing

π Held indirectly through RCEM

In the previous financial year, RCE Commerce Sdn. Bhd., a dormant indirect subsidiary company of the Company has been struck off and de-registered from the Companies Commission of Malaysia pursuant to Section 551(3) of the Companies Act 2016.

The above had no material financial effects to the Group.

### 17. GOODWILL ON CONSOLIDATION

	The Group	
	2024 RM	2023 RM
Goodwill on consolidation, at cost	47,666,145	47,666,145
Less: Allowance for impairment	(333,154)	(333,154)
Carrying amount	47,332,991	47,332,991

#### Allocation of goodwill to CGUs

Goodwill acquired in business combinations is allocated, at acquisition, to the CGUs that are expected to benefit from the business combination as follows:

- (i) consumer financing operations of RCEM Group as an individual CGU;
- (ii) processing and administration of payroll collection operations of EXP as an individual CGU; and
- (iii) factoring and confirming operations of RCEF as an individual CGU.

## Notes to the Financial Statements

31 March 2024

### 17. GOODWILL ON CONSOLIDATION (CONT'D)

The carrying amount of goodwill allocated to each CGU is as follows:

	The Group	
	2024	2023
	RM	RM
Consumer financing	28,343,821	28,343,821
Processing and administration of payroll collection	18,989,170	18,989,170
	47,332,991	47,332,991

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

#### Key assumptions used in value-in-use calculations

##### (a) Consumer Financing

The recoverable amount of the CGU is determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions for the value-in-use calculation include quantum of disbursements, which is based on the CGU's past performance and management's expectation on the growth in financing demand and the availability of funds. The pre-tax discount rate applied to the cash flow projections is 6.51% (2023: 7.35%) per annum. No growth rate is assumed in extrapolating the cash flows beyond the five-year period.

##### (b) Processing and Administration of Payroll Collection

The recoverable amount of the CGU is determined based on value-in-use calculation, which uses cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions for the value-in-use calculation include quantum of financing collection, which is based on management's expectation on the growth in financing demand. The pre-tax discount rate applied to the cash flow projections is 5.99% (2023: 6.50%) per annum. No growth rate is assumed in extrapolating the cash flows beyond the five-year period.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGU to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

## Notes to the Financial Statements

31 March 2024

### 18. FINANCING RECEIVABLES

The Group	← Receivables →		
	Financing RM	Loans RM	Total RM
<b>2024</b>			
At amortised cost, gross	2,093,434,721	6,987,124	2,100,421,845
Less: Allowances for impairment	(124,939,157)	(2,763,923)	(127,703,080)
	1,968,495,564	4,223,201	1,972,718,765
Amount receivable within one (1) year	(225,950,908)	(1,064,226)	(227,015,134)
	1,742,544,656	3,158,975	1,745,703,631
Non-current portion			
<b>2023</b>			
At amortised cost, gross	2,007,665,630	13,274,727	2,020,940,357
Less: Allowances for impairment	(117,965,425)	(3,563,076)	(121,528,501)
	1,889,700,205	9,711,651	1,899,411,856
Amount receivable within one (1) year	(216,307,256)	(5,233,597)	(221,540,853)
	1,673,392,949	4,478,054	1,677,871,003

The non-current portion of the financing receivables are as follows:

The Group	← Receivables →		
	Financing RM	Loans RM	Total RM
<b>2024</b>			
Amount receivables:			
Within one (1) to two (2) years	254,383,928	455,310	254,839,238
Within two (2) to five (5) years	744,247,860	1,090,917	745,338,777
After five (5) years	743,912,868	1,612,748	745,525,616
	1,742,544,656	3,158,975	1,745,703,631
<b>2023</b>			
Amount receivables:			
Within one (1) to two (2) years	250,359,421	1,015,244	251,374,665
Within two (2) to five (5) years	704,415,162	1,265,881	705,681,043
After five (5) years	718,618,366	2,196,929	720,815,295
	1,673,392,949	4,478,054	1,677,871,003

Financing receivables which arose from the provision of shariah-compliant financing are governed under Commodity Murabahah Facility Agreement, Assignment Agreement, First Party Agreement and the Power of Attorney between corporations and the Group.

Loans and receivables which arose from the provision of the conventional financing are governed under Facility Agreements, Assignment Agreements and the Power of Attorney between corporations or cooperatives and the Group.

## Notes to the Financial Statements

31 March 2024

### 18. FINANCING RECEIVABLES (CONT'D)

The financing receivables are:

	The Group	
	2024	2023
	RM	RM
Assigned in favour of the trustees	1,017,615,819	1,075,682,721
Pledged to licensed financial institutions	843,689,265	723,788,592
	<u>1,861,305,084</u>	<u>1,799,471,313</u>

The information on the financial risk of financing receivables are disclosed in Note 33.

Movement in allowances for impairment:

	Stage 1	Stage 2	Stage 3	Total
	RM	RM	RM	RM
Balance as at 1 April 2022	41,585,046	2,796,731	70,725,160	115,106,937
Changes in the ECL:				
Transfer to Stage 1	426,881	(811,497)	(7,603,102)	(7,987,718)
Transfer to Stage 2	(188,836)	1,702,042	(3,232,875)	(1,719,669)
Transfer to Stage 3	(1,175,231)	(711,686)	49,779,235	47,892,318
Net adjustment of allowances for impairment	(937,186)	178,859	38,943,258	38,184,931
New financial assets originated or purchased	12,385,444	-	-	12,385,444
Financial assets derecognised	(2,591,576)	(145,776)	(4,906,457)	(7,643,809)
Changes in risk parameters	(8,120,652)	(640,001)	(5,545,063)	(14,305,716)
Written off	-	-	(22,199,286)	(22,199,286)
Balance as at 31 March 2023/1 April 2023	42,321,076	2,189,813	77,017,612	121,528,501
Changes in the ECL:				
Transfer to Stage 1	410,578	(634,377)	(7,724,315)	(7,948,114)
Transfer to Stage 2	(199,331)	1,474,763	(2,349,633)	(1,074,201)
Transfer to Stage 3	(1,063,031)	(681,636)	50,253,252	48,508,585
Net adjustment of allowances for impairment	(851,784)	158,750	40,179,304	39,486,270
New financial assets originated or purchased	12,331,128	-	-	12,331,128
Financial assets derecognised	(2,386,875)	(163,455)	(4,375,911)	(6,926,241)
Changes in risk parameters	(8,775,959)	(398,132)	(5,465,234)	(14,639,325)
Written off	-	-	(24,077,253)	(24,077,253)
Balance as at 31 March 2024	<u>42,637,586</u>	<u>1,786,976</u>	<u>83,278,518</u>	<u>127,703,080</u>

The information on the credit quality analysis and write off of financing receivables are disclosed in Note 33(b).

The Group applied the latest economic scenarios to reflect an unbiased probability-weighted range of possible future outcome and factor in forecasted Real Gross Domestic Product, a forward looking element used for the ECL calculation. Accordingly, the ECL during the financial year has been adjusted to reflect the impact of latest economic conditions.

## Notes to the Financial Statements

31 March 2024

### 19. OTHER INVESTMENTS

	The Group and The Company	
	2024 RM	2023 RM
Investments, at FVTPL		
Association memberships	2	2

### 20. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Balance as at 1 April	37,463,905	39,517,255	84,195	91,263
Recognised in profit or loss (Note 11)	9,956,079	(2,053,350)	(6,689)	(7,068)
Balance as at 31 March	47,419,984	37,463,905	77,506	84,195

Presented after appropriate offsetting as follows:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax assets	48,401,472	38,575,273	77,506	84,195
Deferred tax liabilities	(981,488)	(1,111,368)	-	-
	47,419,984	37,463,905	77,506	84,195

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

#### Deferred tax assets of the Group:

	Financing receivables RM	Profit expense applicable to revenue RM	Other temporary differences RM	Payables RM	Total RM
Balance as at 1 April 2022	34,897,601	-	4,176,331	1,610,361	40,684,293
Recognised in profit or loss	(1,690,307)	-	(945,166)	526,453	(2,109,020)
Balance as at 31 March 2023/1 April 2023	33,207,294	-	3,231,165	2,136,814	38,575,273
Recognised in profit or loss	(660,629)	10,683,170	1,289,849	(1,486,191)	9,826,199
Balance as at 31 March 2024	32,546,665	10,683,170	4,521,014	650,623	48,401,472

## Notes to the Financial Statements

31 March 2024

### 20. DEFERRED TAX (CONT'D)

(b) Cont'd

#### Deferred tax liabilities of the Group:

	Plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 April 2022	(340,636)	(826,402)	(1,167,038)
Recognised in profit or loss	(97,849)	153,519	55,670
Balance as at 31 March 2023/1 April 2023	(438,485)	(672,883)	(1,111,368)
Recognised in profit or loss	(82,199)	212,079	129,880
Balance as at 31 March 2024	(520,684)	(460,804)	(981,488)

#### Deferred tax assets of the Company:

	Other temporary differences RM
Balance as at 1 April 2022	91,263
Recognised in profit or loss	(7,068)
Balance as at 31 March 2023/1 April 2023	84,195
Recognised in profit or loss	(6,689)
Balance as at 31 March 2024	77,506

(c) The amount of unused tax losses and unabsorbed capital allowances for which no deferred tax assets are recognised in the statements of financial position due to uncertainty of their recoverability, are as follows:

	The Group	
	2024 RM	2023 RM
Unused tax losses	2,280,056	2,267,797
Unabsorbed capital allowances	2,165,990	2,165,990
	4,446,046	4,433,787

In accordance with the provision in Finance Act 2022 gazetted on 31 December 2021, the unutilised tax losses are available for utilisation in the next consecutive ten (10) years effective from year of assessment 2019, for which, any excess at the end of the tenth (10th) year, will be disregarded.

## Notes to the Financial Statements

31 March 2024

### 20. DEFERRED TAX (CONT'D)

(c) Cont'd

The unused tax losses which no deferred tax asset is recognised will expire in the following financial years:

	The Group	
	2024	2023
	RM	RM
2029	2,196,882	2,196,882
2030	18,184	18,184
2031	15,786	15,786
2032	13,635	13,635
2033	10,702	10,702
2034	12,608	12,608
2035	12,259	-
	2,280,056	2,267,797

### 21. TRADE RECEIVABLES

	The Group	
	2024	2023
	RM	RM
Murabahah financing	52,663,377	52,645,897
Factoring receivables	1,825,966	1,256,177
Confirming receivables	214,095	201,650
	54,703,438	54,103,724
Less: Allowances for impairment	(94,174)	(185,740)
Trade receivables, net	54,609,264	53,917,984

During the financial year ended 31 March 2021, the Group granted a shariah-compliant Murabahah financing amounting to RM50.0 million to a customer with tenure of twelve (12) months from the date of disbursement.

The salient terms of the Murabahah financing are as follows:

- (a) A charge over the number of ordinary shares pledged by customer; and
- (b) Minimum margin of security at one point ten (1.10) times prior to disbursement and throughout the tenure.

## Notes to the Financial Statements

31 March 2024

### 21. TRADE RECEIVABLES (CONT'D)

The Murabahah financing bears profit rate at 11.00% (2023: 11.00%) per annum with full repayment of principal and profit at the end of the tenure.

For factoring and confirming receivables, the credit period granted by the Group ranges from 90 to 150 (2023: 90 to 150) days.

As at the reporting date, there is significant concentration of credit risk arising from the amount due from one (1) (2023: one (1)) major customer amounting to 96.44% (2023: 97.64%) of the total trade receivables. The extension of credits to and the repayments from this customer was closely monitored by the management to ensure that this customer adhered to the agreed credit terms and policies.

Movement in allowances for impairment:

	Lifetime ECL RM	Credit impaired RM	Total RM
Balance as at 1 April 2022	47,352	1,513,439	1,560,791
Charge for the financial year	86,214	-	86,214
Changes in risk parameters	(18,997)	(502)	(19,499)
Written off	-	(1,441,766)	(1,441,766)
Balance as at 31 March 2023/1 April 2023	114,569	71,171	185,740
Charge for the financial year	4,059	-	4,059
Changes in risk parameters	(24,454)	-	(24,454)
Written off	-	(71,171)	(71,171)
Balance as at 31 March 2024	94,174	-	94,174

The information on the credit quality analysis and write off of trade receivables are disclosed in Note 33(b).

### 22. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Other receivables	9,237,668	4,442,665	145,890	106,802
Collections in transit	2,876,759	8,771,781	-	-
	12,114,427	13,214,446	145,890	106,802
Tax recoverable	5,740,330	282,816	-	-
Prepaid expenses	3,112,734	2,135,004	23,426	26,680
Refundable deposits	395,687	389,049	-	-
	21,363,178	16,021,315	169,316	133,482

Included in other receivables of the Group are advances given to corporations of RM7,199,000 (2023: RM1,354,000).

## Notes to the Financial Statements

31 March 2024

### 23. RELATED PARTY TRANSACTIONS

The outstanding balances arising from related party transactions as at the reporting date are as below:

	<b>The Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Amount due from a subsidiary company	10,661,474	14,734,716

The amount due from a subsidiary company arose mainly from advances given, are unsecured, bear interest rate at 1.30% (2023: 0.90%) per annum, repayable on demand and to be settled in cash, except otherwise stated.

#### (a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiary companies.

#### (b) Related party disclosures

Other than as disclosed elsewhere in the financial statements, the related parties and their relationships with the Company are as follows:

<b>Name of related parties</b>	<b>Relationship</b>
AmBank Islamic Berhad ("AIB")	A company in which a deemed substantial shareholder of the Company has indirect interest and certain directors of the Company have directorship
AmBank (M) Berhad ("AMB")	
AmFunds Management Berhad ("AFMB")	
MTrustee Berhad ("MTB")	
Corporateview Sdn. Bhd. ("CVSB")	Subsidiary companies of Amcorp Group Berhad, the intermediate holding company of the Company
Harpers Travel (Malaysia) Sdn. Bhd. ("HTSB")	
Melawangi Sdn. Bhd. ("MSB")	
AmInvestment Bank Berhad ("AIBB")	A company in which a deemed substantial shareholder and a director of the Company has substantial interest or directorship
AON Insurance Brokers (M) Sdn. Bhd. ("AIBM")	A company in which certain directors of the Company have directorship

## Notes to the Financial Statements

31 March 2024

### 23. RELATED PARTY TRANSACTIONS (CONT'D)

#### (b) Related party disclosures (Cont'd)

During the financial year, significant related party transactions, which are determined on a basis negotiated between the said parties are as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
<b>Direct subsidiary companies:</b>				
Strategic management fee received/receivable from RCEM (Note 5)	-	-	(330,000)	(330,000)
Interest income on amount due from RCEM (Note 9)	-	-	(264,487)	(151,439)
<b>Other related parties:</b>				
Profit/Interest income received/receivable from deposits placed with:				
AIB	(8,237,255)	(5,910,386)	-	-
Profit/Interest expense paid/payable to:				
AIB	10,560,359	4,607,877	-	-
AMB	5,274,513	3,053,460	-	-
Fee paid/payable to CVSB:				
Management fee (Note 9)	1,562,000	1,420,100	-	-
Internal audit fee (Note 9)	271,620	274,670	124,590	122,600
Insurance premium and brokerage fee paid/payable to AIBM	966,771	660,728	-	-
Travel package paid/payable to HTSB	361,654	659,600	88,323	-
Placement fee paid/payable to AIBB	507,033	408,333	-	-
Agency fee paid/payable to AIBB	96,020	86,970	-	-

## Notes to the Financial Statements

31 March 2024

### 23. RELATED PARTY TRANSACTIONS (CONT'D)

#### (c) Compensation of key management personnel

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Short-term employees' benefits	9,069,138	7,919,031	661,750	677,500
Options granted under ESS	1,780,531	1,067,700	-	-
Defined contribution plan	1,117,370	989,599	-	-
	11,967,039	9,976,330	661,750	677,500

### 24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Deposits with licensed financial institutions:				
- Islamic	744,940,390	799,875,227	-	-
- Conventional	11,144	11,178	-	-
	744,951,534	799,886,405	-	-
Cash and bank balances with licensed financial institutions:				
- Islamic	85,871,774	70,730,247	-	-
- Conventional	9,378,418	9,050,438	4,098	4,262
	95,250,192	79,780,685	4,098	4,262
	840,201,726	879,667,090	4,098	4,262
Less: Deposits, cash and bank balances Assigned in favour of the trustees	(750,996,705)	(811,879,086)	-	-
Pledged to licensed financial institutions:				
- Islamic	(32,543,691)	(20,104,918)	-	-
- Conventional	(8,774,275)	(8,186,290)	-	-
	(41,317,966)	(28,291,208)	-	-
	(792,314,671)	(840,170,294)	-	-
	47,887,055	39,496,796	4,098	4,262

Deposits with licensed financial institutions of the Group have a weighted average remaining maturity period of 93 (2023: 42) days. The information on weighted average effective profit rate ("WAEPR") is disclosed in Note 33.

## Notes to the Financial Statements

31 March 2024

### 24. CASH AND CASH EQUIVALENTS (CONT'D)

The outstanding balances arising from related party transaction as at the reporting date are as below:

	The Group	
	2024	2023
	RM	RM
Deposits and bank balances placed with:		
AIB	389,822,648	122,067,147
AMB	6,408,857	5,048,531
AFMB	11,143	11,179
	<u>396,242,648</u>	<u>127,126,857</u>

### 25. SHARE CAPITAL

	The Group and The Company			
	2024	2023	2024	2023
	No. of shares		RM	RM
<i>Ordinary shares</i>				
Balance as at 1 April	741,066,767	739,987,032	201,916,965	200,696,865
Issuances of shares pursuant to options exercised	-	1,079,735	-	1,220,100
Balance as at 31 March	<u>741,066,767</u>	<u>741,066,767</u>	<u>201,916,965</u>	<u>201,916,965</u>

In the previous financial year, the total number of issued shares of the Company increased from 739,987,032 to 741,066,767 by way of the issuance of 1,079,735 new ordinary shares pursuant to options exercised.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

### 26. TREASURY SHARES

	The Group and The Company			
	2024	2023	2024	2023
	No. of shares		RM	RM
Balance as at 1 April/31 March	<u>8,216,196</u>	<u>8,216,196</u>	<u>4,947,936</u>	<u>4,947,936</u>

The shareholders of the Company, by a resolution passed at an annual general meeting held on 7 September 2023, has granted an approval to the Company to buy back its own shares of up to ten percent (10%) of its total number of issued shares of the Company.

There were no repurchases of the Company's shares from the open market for the financial years ended 31 March 2024 and 31 March 2023.

## Notes to the Financial Statements

31 March 2024

### 26. TREASURY SHARES (CONT'D)

The treasury shares were held by the Company in accordance with Section 127 of the Companies Act 2016 in Malaysia.

The Company has the right to cancel, resell and/or, distribute the treasury shares as dividends at a later date or transfer the treasury shares for ESS or as purchase consideration at a later date. None of the treasury shares repurchased have been sold, cancelled or transferred during the financial year.

As at 31 March 2024, the number of ordinary shares, net of treasury shares is 732,850,571 shares.

### 27. ESS

The ESS which was approved by the shareholders at the Annual General Meeting held on 22 September 2020 is governed by the By-Laws and implemented on 20 October 2020. The ESS is to be in force for a period of five (5) years and may be extended for another five (5) years by the Board upon recommendation of the ESS Committee. The ESS comprises shares and/or options to subscribe for shares of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time for eligible executive directors and employees of the Group.

The salient features of the ESS are as follows:

- (a) The maximum number of shares to be allotted and issued pursuant to the ESS shall not at any point in time in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares);
- (b) Not more than ten percent (10%) of the total number of shares to be issued under the ESS shall be allocated to any executive director or employee, who either singly or collectively through persons connected with the executive director or employee, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company;
- (c) The eligible persons are executive directors and employees who have attained the age of eighteen (18) years, not an undischarged bankrupt and has not served a notice of resignation or received a notice of termination or subject to any disciplinary proceeding; and
- (d) The option price shall be at a discount of not more than ten percent (10%) of the five (5) days volume weighted average market price of the Company's shares immediately preceding the date of offer.

## Notes to the Financial Statements

31 March 2024

### 27. ESS (CONT'D)

The details and movements in number of options during the financial year are as follows:

Grant date	Expiry date	Option price RM	Balance as at 1.04.2023	ESS options			Balance as at 31.03.2024
				Granted	Exercised	Cancelled	
21.10.2021	2.01.2024	1.35*	4,793,977	-	(4,793,977)	-	-
17.10.2022	30.11.2024	1.19*	1,703,500	-	(1,603,500)	-	100,000
13.10.2023	19.10.2025	2.28	-	19,111,000	(7,149,500)	(136,000)	11,825,500
			<u>6,497,477</u>	<u>19,111,000</u>	<u>(13,546,977)</u>	<u>(136,000)</u>	<u>11,925,500</u>
Weighted average option price		(RM)	1.31	2.28	1.82	2.28	2.27
Weighted average share price		(RM)			<u>2.64</u>		
Weighted average of remaining contractual life		(days)					<u>564</u>

The details and movements in number of options in the previous financial year are as follows:

Grant date	Expiry date	Option price RM	Balance as at 1.04.2022	ESS options			Balance as at 31.03.2023
				Granted	Exercised	Cancelled	
14.12.2020	13.12.2022	1.13	1,161,639	-	(1,079,735)	(81,904)	-
21.10.2021	2.01.2024	1.35*	16,806,182	-	(11,716,213)	(295,992)	4,793,977
17.10.2022	30.11.2024	1.19*	-	19,112,000	(17,148,500)	(260,000)	1,703,500
			<u>17,967,821</u>	<u>19,112,000</u>	<u>(29,944,448)</u>	<u>(637,896)</u>	<u>6,497,477</u>
Weighted average option price		(RM)	1.34	1.19	1.25	1.26	1.31
Weighted average share price		(RM)			<u>1.91</u>		
Weighted average of remaining contractual life		(days)					<u>364</u>

\* The option price has been adjusted in accordance with By-Laws 15.1 and 15.5(c) arising from dividends distribution.

## Notes to the Financial Statements

31 March 2024

### 27. ESS (CONT'D)

The fair value of options granted, determined using the Trinomial valuation model, took into account the terms and conditions upon which the options were granted. The fair value of options measured at grant date and the assumption are as follows:

		Grant date	
		2024	2023
		13.10.2023	17.10.2022
Fair value of options at grant dates	(RM)	0.25	0.15
Grant date share price	(RM)	2.53	1.53
Option price	(RM)	2.28	1.38
Expected volatility	(%)	9.214	9.970
Expected life	(days)	737	775
Risk free rate	(%)	3.758	4.008
Expected dividend yield	(%)	6.400	7.180

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

### 28. RESERVES

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Non-distributable:				
ESS reserve	2,940,797	1,186,784	2,940,797	1,186,784
Distributable:				
Retained earnings	629,863,319	607,503,361	164,660,811	170,418,958
	632,804,116	608,690,145	167,601,608	171,605,742

#### (a) Non-distributable:

ESS reserve:

The ESS reserve represents the equity settled options granted to eligible directors and employees. This reserve is made up of the cumulative value of services received from eligible directors and employees recorded on the grant date of options. Details of ESS granted to eligible directors and employees are disclosed in Note 27.

#### (b) Distributable:

Retained earnings:

Distributable reserves are those available for distribution as dividends.

Under the single-tier system, the dividends paid, credited or distributed to shareholders are not tax deductible by the Company, but are exempted from tax in the hands of the shareholders.

## Notes to the Financial Statements

31 March 2024

### 29. PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Current:				
Accrued expenses	14,298,979	13,950,014	811,698	858,863
Payables	13,312,117	19,795,036	-	-
Deposits	1,693,000	1,725,000	-	-
	29,304,096	35,470,050	811,698	858,863
Non-current:				
Payables	4,909,844	780,224	-	-
	34,213,940	36,250,274	811,698	858,863

Included in payables of the Group are:

- (i) marketing expenses amounting to RM6,015,705 (2023: RM8,060,568) payable to third parties;
- (ii) collections received from customers amounting to RM4,578,345 (2023: RM4,605,024) on behalf of various corporations and cooperatives by subsidiary companies; and
- (iii) refundable collections amounting to RM1,745,854 (2023: RM1,144,186).

### 30. HIRE-PURCHASE PAYABLES

	The Group	
	2024	2023
	RM	RM
Total outstanding	1,393,666	1,673,430
Less: Future finance charges	(94,864)	(134,870)
Principal outstanding	1,298,802	1,538,560
Less: Amount due within one (1) year	(379,602)	(378,480)
Non-current portion	919,200	1,160,080

The non-current portion of the hire-purchase payables are as follows:

	The Group	
	2024	2023
	RM	RM
Financial years ending 31 March:		
2025	-	351,674
2026	387,680	358,491
2027	325,405	294,898
2028	186,900	155,017
2029	19,215	-
	919,200	1,160,080

The interest rates implicit in these hire-purchase arrangements of the Group range from 3.78% to 4.63% (2023: 3.78% to 4.63%) per annum. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

## Notes to the Financial Statements

31 March 2024

### 30. HIRE-PURCHASE PAYABLES (CONT'D)

A reconciliation of hire-purchase payables to cash flows arising from financing activities are as follows:

	The Group	
	2024 RM	2023 RM
Balance as at 1 April	1,538,560	583,942
Cash flows	(447,239)	(398,727)
Additions	150,000	1,310,000
Other changes	57,481	43,345
Balance as at 31 March	<u>1,298,802</u>	<u>1,538,560</u>

Included in other changes is accrued interest expense.

### 31. FINANCING LIABILITIES

	Note	The Group	
		2024 RM	2023 RM
<b>At amortised cost</b>			
<b>Secured</b>			
Current:			
- Shariah			
RM2.0 billion Sukuk Programme	(a)	165,778,740	128,556,342
RM900.0 million Sukuk Programme	(b)	169,682,558	97,910,746
		335,461,298	226,467,088
Revolving credits	(c)	154,997,478	148,040,927
Term financing	(d)	82,314,176	74,039,753
		<u>572,772,952</u>	<u>448,547,768</u>
- Conventional			
Revolving credits	(c)	309,435,999	196,635,771
Term loans	(d)	58,303,353	52,721,876
		<u>367,739,352</u>	<u>249,357,647</u>
		940,512,304	697,905,415
Non-current:			
- Shariah			
RM2.0 billion Sukuk Programme	(a)	840,362,783	790,101,914
RM900.0 million Sukuk Programme	(b)	-	274,301,395
		840,362,783	1,064,403,309
Term financing	(d)	119,080,859	95,782,652
		<u>959,443,642</u>	<u>1,160,185,961</u>
- Conventional			
Term loans	(d)	134,454,330	148,351,751
		<u>1,093,897,972</u>	<u>1,308,537,712</u>
<b>Unsecured</b>			
Current			
- Shariah			
Revolving credits	(c)	85,173,322	85,101,052
		<u>2,119,583,598</u>	<u>2,091,544,179</u>

## Notes to the Financial Statements

31 March 2024

### 31. FINANCING LIABILITIES (CONT'D)

	The Group	
	2024	2023
	RM	RM
Disclosed in the statements of financial position as:		
Current	1,025,685,626	783,006,467
Non-current	1,093,897,972	1,308,537,712
	<u>2,119,583,598</u>	<u>2,091,544,179</u>

The maturity profile of the financing liabilities is as follows:

	The Group	
	2024	2023
	RM	RM
On demand or within one (1) year	1,025,685,626	783,006,467
More than one (1) year and less than two (2) years	261,970,638	378,654,933
More than two (2) years and less than five (5) years	617,499,239	685,575,374
More than five (5) years	214,428,095	244,307,405
	<u>2,119,583,598</u>	<u>2,091,544,179</u>

A reconciliation of financing liabilities to cash flows arising from financing activities are as follows:

	2023	Cash flows	Other changes	2024
	RM	RM	RM	RM
Sukuk	1,290,870,397	(110,000,000)	(5,046,316)	1,175,824,081
Revolving credits	429,777,750	119,300,000	529,049	549,606,799
Term financing/loans	370,896,032	21,978,520	1,278,166	394,152,718
Total	<u>2,091,544,179</u>	<u>31,278,520</u>	<u>(3,239,101)</u>	<u>2,119,583,598</u>

	2022	Cash flows	Other changes	2023
	RM	RM	RM	RM
Sukuk	1,309,998,021	(25,000,000)	5,872,376	1,290,870,397
Revolving credits	337,809,891	91,500,000	467,859	429,777,750
Term financing/loans	156,168,535	217,242,992	(2,515,495)	370,896,032
Total	<u>1,803,976,447</u>	<u>283,742,992</u>	<u>3,824,740</u>	<u>2,091,544,179</u>

Included in other changes are accrued profit/interest expense and transaction costs.

## Notes to the Financial Statements

31 March 2024

### 31. FINANCING LIABILITIES (CONT'D)

The outstanding balances arising from related party transactions as at the reporting date are as follows:

	The Group	
	2024	2023
	RM	RM
Financing liabilities with:		
AIB	265,039,453	227,253,404
AMB	114,871,731	127,580,958
	379,911,184	354,834,362

#### (a) RM2.0 billion Sukuk Programme (Secured)

ZAB was incorporated on 13 June 2018 as a special purpose vehicle for the sole purpose of undertaking the Sukuk Murabahah Asset-Backed Securitisation Programme amounting up to RM2.0 billion which involve the purchase of financing receivables from RCEM from time to time. The purchases of financing receivables meeting certain pre-determined eligibility criteria are funded by the proceeds from the issuance of Sukuk by ZAB.

The Sukuk is constituted by a trust deed dated 19 March 2019 made between ZAB and the Trustee for the holders of the Sukuk.

During the financial year, ZAB has further issued one (1) (2023: one (1)) tranche of Sukuk amounting to RM254.0 million (2023: RM219.0 million), out of which RM49.0 million (2023: RM44.0 million), were subscribed by RCET, a subsidiary company.

In addition, ZAB has redeemed RM120.0 million (2023: RM100.0 million) of Class A Series 1, 2 and 3 from its Tranches 1, 4, 5 and 8 (2023: Class A Series 1 and 2 from its Tranches 2, 3, 6 and 7) upon legal maturity.

The main features of the Sukuk are as follows:

- (i) The maximum issue size of the RM2.0 billion Sukuk Programme consists of a multiple series of Classes A, B and C;
- (ii) All Sukuk under first (1) to ninth (9) tranches are issued at par and have maturity ranging from one (1) to eight point five (8.5) years;
- (iii) Each series of the Sukuk under Class A bear fixed profit rates ranging from 3.30% to 5.42% (2023: 3.15% to 5.42%) per annum, payable semi-annually in arrears with the last profit payment to be made on the respective maturity dates;
- (iv) The Class B Sukuk bears fixed profit rates ranging from 3.95% to 5.72% (2023: 3.95% to 5.72%) per annum and step up by 4.0% per annum from the expected maturity in year seven point five (7.5) until the legal maturity in year eight point five (8.5). The profit is payable semi-annually in arrears with the last profit payment to be made on the respective maturity dates; and
- (v) The Class C Sukuk bears fixed profit rates ranging from 17.00% to 57.00% (2023: 17.00% to 57.00%) per annum and payable in full or in part upon the full redemption of Classes A and B. The Class C Sukuk is internally subscribed by RCET, a subsidiary company.

## Notes to the Financial Statements

31 March 2024

### 31. FINANCING LIABILITIES (CONT'D)

#### (b) RM900.0 million Sukuk Programme (Secured)

ADA was incorporated on 5 November 2015 as a special purpose vehicle for the sole purpose of undertaking the Sukuk Murabahah Asset-Backed Securitisation Programme amounting up to RM900.0 million which involve the purchase of financing receivables from RCEM from time to time. The purchases of financing receivables meeting certain pre-determined eligibility criteria are funded by the proceeds from the issuance of Sukuk by ADA.

The Sukuk is constituted by a trust deed dated 8 June 2016 made between ADA and the Trustee for the holders of the Sukuk.

ADA fully issued its RM900.0 million Sukuk Programme in the financial year ended 31 March 2018.

During the financial year, ADA has:

- (i) redeemed RM90.0 million (2023: RM100.0 million) of Class A Series 3 Sukuk from its Tranches 1 to 3 (2023: Class A Series 2 Sukuk from its Tranches 4 to 5) upon legal maturity;
- (ii) early redeemed RM105.0 million Class B Series 4 Sukuk from its Tranches 1 to 3 upon expected maturity; and
- (iii) early redeemed RM61.5 million Class C Series 5 Sukuk from its Tranches 1 to 2 upon full redemption of Classes A and B.

The main features of the Sukuk are as follows:

- (i) The maximum issue size of the RM900.0 million Sukuk Programme consists of a multiple series of Classes A, B and C;
- (ii) All Sukuk are issued at par and have maturity ranging from three (3) to ten (10) years within each tranche;
- (iii) Each series of the Sukuk under Class A bear fixed profit rates ranging from 5.15% to 5.18% (2023: 5.15% to 5.70%) per annum, payable semi-annually in arrears with the last profit payment to be made on the respective maturity dates;
- (iv) The Class B Sukuk bears fixed profit rates ranging from 6.00% to 6.11% (2023: 6.00% to 7.00%) per annum and step up by 4.0% per annum from the expected maturity in year seven point five (7.5) until the legal maturity in year eight point five (8.5). The profit is payable semi-annually in arrears with the last profit payment to be made on the respective maturity dates; and
- (v) The Class C Sukuk bears fixed profit rates ranging from 27.00% to 35.00% (2023: 18.00% to 35.00%) per annum and payable in full or in part upon the full redemption of Classes A and B. The Class C Sukuk is internally subscribed by RCET, a subsidiary company.

## Notes to the Financial Statements

31 March 2024

### 31. FINANCING LIABILITIES (CONT'D)

The Sukuk Programmes are secured against the following:

- (i) A debenture incorporating a first fixed and floating charge over the entire undertaking, property, assets and rights, both present and future of ADA and ZAB;
- (ii) A first legal charge by the share trustee, over the entire issued and paid-up share capital of ADA and ZAB;
- (iii) An assignment of the rights, titles, benefits and interests under the eligible financing receivables purchased by ADA and ZAB; and
- (iv) An assignment and charge over the designated accounts and all monies standing to the credit of the accounts of ADA and ZAB.

#### (c) Revolving credits

As at 31 March 2024, the Group has fifteen (15) (2023: thirteen (13)) revolving credit facilities.

The revolving credit facilities are principally for working capital purposes and secured against the following:

- (i) An assignment of the rights, titles, benefits and interests of eligible receivables under the applicable financing agreements entered into between a subsidiary company with corporations and/or cooperatives;
- (ii) An assignment of the designated accounts and all monies standing to the credit of the accounts; and/or
- (iii) An irrevocable corporate guarantee by the Company.

During the financial year, the Group is further granted with:

- (i) one (1) secured and one (1) unsecured facilities amounting to RM50.0 million and RM80.0 million (2023: one (1) unsecured facility amounting to RM50.0 million) respectively; and
- (ii) additional limit of RM115.0 million and RM50.0 million for the existing one (1) secured and one (1) unsecured facilities respectively.

#### (d) Term financing/loans

As at 31 March 2024, the Group has eight (8) (2023: six (6)) term financing/loan facilities.

The term financing/loan facilities are principally for working capital purposes and secured against the following:

- (i) An assignment of the rights, titles, benefits and interests of eligible receivables under the applicable financing agreements entered into between a subsidiary company with corporations and/or cooperatives;
- (ii) An assignment of the designated accounts and all monies standing to the credit of the accounts;
- (iii) A fixed deposit by a subsidiary company on lien or charged; and
- (iv) An irrevocable corporate guarantee by the Company.

## Notes to the Financial Statements

31 March 2024

### 31. FINANCING LIABILITIES (CONT'D)

#### (d) Term financing/loans (Cont'd)

The maturity ranges from two (2) to six (6) (2023: two (2) to six (6)) years from the date of the first disbursement of the applicable tranche of the term financing/loans.

During the financial year, the Group is further granted with two (2) (2023: four (4)) secured term financing facilities amounting to RM600.0 million (2023: RM500.0 million).

In the previous financial year, the Group has fully settled one (1) term financing with a limit of RM300.0 million upon maturity.

The information on WAEPR is disclosed in Note 33.

### 32. COMMITMENTS

#### Capital commitments

	The Group	
	2024	2023
	RM	RM
Capital expenditure in respect of plant and equipment not provided for:		
Approved and contracted for	1,062,352	2,015,703

### 33. FINANCIAL INSTRUMENTS

#### Financial Risk Management Objectives and Policies

The Group's financial risk management objectives and policies are monitored by a Risk Management Committee which reports to the Audit Committee.

The operations of the Group are subject to a variety of financial risks, including profit rate (both fair value and cash flow), credit and liquidity risks. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### (a) Profit rate risk

Fair value profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates. Cash flow profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

The Group is exposed to profit rate risk mainly from differences in timing between the maturities or re-pricing of its profit-bearing assets and liabilities.

Sensitivity to profit rates arises from mismatches in the profit rate characteristics of the assets and their corresponding liability funding. These mismatches are managed as part of the overall profit rate risk management process of the Group.

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Profit rate risk (Cont'd)

The Group manages its profit rate risk exposure from profit bearing financing liabilities by maintaining a mix of fixed and floating rate financing liabilities. The Group actively reviews its debt portfolio, taking into consideration the repayment and maturity profiles of its financing liabilities and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low profit rate environment and achieve a certain level of protection against rate hikes.

#### (b) Credit risk

Credit risk is the risk of default that may arise on its outstanding contractual obligations resulting in financial loss to the Group. The Group adopts a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk.

##### (i) Shariah-compliant and conventional consumer financing services:

The Group manages this risk by exercising adequate credit evaluation measures in its lending criteria and stringent monitoring of repayment. Exposure to credit risk is mitigated through an ongoing monitoring procedure on the repayment via salary deduction from its financing receivables.

The Group does not have any significant concentration of credit risk due to its large number of underlying customers. The maximum exposure to credit risk of the Group is represented by the carrying amount of each financial asset.

##### (ii) Shariah-compliant financing services, factoring and confirming:

The Group manages the credit risk for its shariah-compliant services by exercising adequate credit evaluation. Exposure to credit risk is mitigated through an ongoing monitoring procedure and secured against ordinary shares, lands and building pledged by customers.

In addition, the Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The information on significant concentration of credit risk are disclosed in Note 21.

The credit risk for other receivables, deposits with licensed financial institutions, cash and bank balances and amount due from a subsidiary company are considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

#### Credit quality analysis

The Group uses three categories of financing receivables which reflect their credit risk and how the allowances for impairment is determined for each of those categories.

A summary of the assumptions underpinning the Group's ECL model are as follows:

##### (i) Financing receivables

Category	Group's definition of category
Stage 1	Financing receivables that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date.
Stage 2	All financing receivables that have been significant increase in credit risk since initial recognition but do not have objective evidence of impairment.
Stage 3	When one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows have occurred.

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Credit risk (Cont'd)

##### Credit quality analysis (Cont'd)

##### (ii) Trade receivables

Category	Group's definition of category
Lifetime ECL	Profit and/or principal repayments are from 0 to 90 days past due from the credit period granted.
Credit impaired	Profit and/or principal repayments are more than 90 days past due from the credit period granted.

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of financing receivables and adjusts for forward looking macroeconomic data.

The Group provides for credit losses as follows:

##### (i) Financing receivables

Group internal credit rating	Credit quality by days past due	Basis for recognition of ECL provision	Gross carrying amount* RM	Carrying amount (net of impairment provision) RM	Basis for calculation of profit income
<b>2024</b>					
Stage 1	0 to 30	12 months expected losses. Where expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	1,393,071,776	1,367,327,163	Gross carrying amount
	0 to 90 <sup>^</sup>		618,344,981	601,452,008	
			<u>2,011,416,757</u>	<u>1,968,779,171</u>	
Stage 2	31 to 90	Lifetime expected losses.	2,965,612	2,123,414	Gross carrying amount
	91 to 180 <sup>^</sup>		3,970,985	3,026,207	
			<u>6,936,597</u>	<u>5,149,621</u>	
Stage 3	More than 90	Lifetime expected losses.	49,125,656	-	Carrying amount (net of credit allowance)
	More than 180 <sup>^</sup>		34,152,862	-	
			<u>83,278,518</u>	<u>-</u>	

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Credit risk (Cont'd)

##### Credit quality analysis (Cont'd)

#### (i) Financing receivables (Cont'd)

Group internal credit rating	Credit quality by days past due	Basis for recognition of ECL provision	Gross carrying amount* RM	Carrying amount (net of impairment provision) RM	Basis for calculation of profit income
<b>2023</b>					
Stage 1	0 to 30	12 months expected losses. Where expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	1,403,993,128	1,377,206,499	Gross carrying amount
	0 to 90 <sup>^</sup>		533,804,581	518,270,134	
			1,937,797,709	1,895,476,633	
Stage 2	31 to 90	Lifetime expected losses.	3,442,295	2,509,320	Gross carrying amount
	91 to 180 <sup>^</sup>		5,860,190	4,603,352	
			9,302,485	7,112,672	
Stage 3	More than 90	Lifetime expected losses.	41,316,560	-	Carrying amount (net of credit allowance)
	More than 180 <sup>^</sup>		35,701,052	-	
			77,017,612	-	

\* Excluded fee for the provision of services to be recognised over a period of time of RM1,210,027 (2023: RM3,177,449).

<sup>^</sup> In relation to a portfolio of financing receivables, which is subject to distinguishable administration technical delay due to logistic consideration.

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Credit risk (Cont'd)

##### Credit quality analysis (Cont'd)

##### (ii) Trade receivables

Group internal credit rating	Credit quality by days past due	Basis for recognition of ECL provision	Gross carrying amount RM	Carrying amount (net of impairment provision) RM	Basis for calculation of profit income
<b>2024</b>					
Lifetime ECL	0 to 90	Lifetime ECL	54,703,438	54,609,264	Gross carrying amount
Credit impaired	More than 90	Credit impaired	-	-	Carrying amount (net of credit allowance)
<b>2023</b>					
Lifetime ECL	0 to 90	Lifetime ECL	54,032,553	53,917,984	Gross carrying amount
Credit impaired	More than 90	Credit impaired	71,171	-	Carrying amount (net of credit allowance)

There are no significant changes to estimation technique or assumption made during the financial year, other than as disclosed in Note 18.

#### Write off

Write off exercise on fully impaired accounts is carried out periodically. The Group categorises financing receivables and trade receivables for write off when customer fails to make contractual payments in a given period and actions taken to recover have not been successful.

Where financing receivables and trade receivables have been written off, the Group continues to engage in enforcement activities to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The amount outstanding on financing receivables and trade receivables that were written off during the financial year and are still subject to enforcement activities are RM24,148,424 (2023: RM23,641,052).

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Credit risk (Cont'd)

##### Credit quality analysis (Cont'd)

In addition, the Group and the Company are exposed to credit risk representing the amount granted summarised as follows:

	The Group		The Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Irrevocable loan commitments issued on behalf of customers	440,937	365,165	-	-
Financial guarantees to licensed financial institutions for financing liabilities facilities granted to subsidiary companies	-	-	1,270,200,000	1,220,200,000
	440,937	365,165	1,270,200,000	1,220,200,000

As at the reporting date, the fair value of the financial guarantees are RMnil (2023: RMnil), determined based on probability-weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- (i) The likelihood of the guaranteed party defaulting within the guaranteed period;
- (ii) The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- (iii) The estimated loss exposure if the party guaranteed were to default.

The counterparties to the financial guarantee contracts do not have a right to demand for settlement as no default events have arisen. Accordingly, financial guarantee contracts under the scope of MFRS 7 *Financial Instruments: Disclosures* are not included in the following profit rate and liquidity risks' maturity profile.

#### Collaterals

The main types of collaterals obtained by the Group are as follows:

- (i) Consumer financing - financing receivables by corporations or cooperatives to their members or customers and assignment of collection proceeds in the designated account of corporations or cooperatives; and
- (ii) Shariah-compliant financing services, factoring and confirming - ordinary shares, land and buildings.

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Credit risk (Cont'd)

##### Collaterals (Cont'd)

As at the reporting date, the financial effect of collaterals (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held by the Group are as follows:

	Maximum exposure RM	Collateral value RM	Financial effect of collaterals %
<b>2024</b>			
Financing receivables	1,014,460,342	947,706,039	93.42
Trade receivables	54,609,264	88,400,000	161.88
	<u>1,069,069,606</u>	<u>1,036,106,039</u>	<u>96.92</u>
<b>2023</b>			
Financing receivables	886,594,357	818,601,797	92.33
Trade receivables	53,917,984	94,492,500	175.25
	<u>940,512,341</u>	<u>913,094,297</u>	<u>97.08</u>

#### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirements, while maintaining the availability of a diverse source of banking facilities from various financial institutions at a reasonable level to its overall debt position. It also strives to maintain a balance between continuity of funding and flexibility through the use of these facilities.

Cash flow forecasting is performed in the operating entities of the Group on an aggregate basis, taking into consideration the Group's debt financing plans, including the matching of maturity profiles of its financial assets and liabilities.

In addition, the Group plans to match its assets by converting the current into non-current liabilities in order to meet its short-term obligations as and when they fall due, including raising funds from the market as evidenced from the establishment of Sukuk Programmes as disclosed in Notes 31(a) and 31(b) respectively.

The Group also manages its liquidity risk by maintaining a portion of its resources in deposits with licensed financial institutions and cash and bank balances amounting to RM840,201,726 (2023: RM879,667,090) as disclosed in Note 24 to meet estimated commitments arising from its financial liabilities.

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Liquidity risk (Cont'd)

##### Profit rate and liquidity risk tables

*Analysis of financial instruments based on remaining contractual maturity*

The following table sets out the WAEPR, carrying amounts and the remaining maturities as at the reporting date of the Group's financial instruments:

The Group	Note	WAEPR %	Total RM	← Maturity Profile →		
				Within 1 year RM	2-5 years RM	After 5 years RM
<b>2024</b>						
<b>Fixed rate</b>						
Financing receivables	18	12.21	1,972,718,765	227,015,134	1,000,178,015	745,525,616
Trade receivables	21	10.59	54,609,264	54,609,264	-	-
Other receivables and deposits	22	-	12,510,114	12,510,114	-	-
Deposits with licensed financial institutions	24	3.64	744,940,390	744,940,390	-	-
Cash and bank balances	24	2.48	95,250,192	95,250,192	-	-
Payables and accrued expenses	29	-	34,213,940	29,304,096	4,909,844	-
Hire-purchase payables	30	4.05	1,298,802	379,602	919,200	-
Sukuk	31	4.66	1,175,824,081	335,461,298	625,934,688	214,428,095
Term financing	31	4.69	19,765,277	1,051,554	18,713,723	-
Lease liabilities	15	5.45	2,024,934	965,065	1,059,869	-
<b>Floating rate</b>						
Deposits with licensed financial institutions	24	2.12	11,144	11,144	-	-
Revolving credits	31	4.29	549,606,799	549,606,799	-	-
Term financing/loans	31	5.36	374,387,441	139,565,975	234,821,466	-
<b>2023</b>						
<b>Fixed rate</b>						
Financing receivables	18	12.15	1,899,411,856	221,540,853	957,055,708	720,815,295
Trade receivables	21	10.60	53,917,984	53,917,984	-	-
Other receivables and deposits	22	-	13,603,495	13,603,495	-	-
Deposits with licensed financial institutions	24	2.51	799,875,227	799,875,227	-	-
Cash and bank balances	24	1.60	79,780,685	79,780,685	-	-
Payables and accrued expenses	29	-	36,250,274	35,470,050	780,224	-
Hire-purchase payables	30	4.08	1,538,560	378,480	1,160,080	-
Sukuk	31	4.99	1,290,870,397	226,467,088	820,095,904	244,307,405
Lease liabilities	15	5.45	2,940,083	915,149	2,024,934	-
<b>Floating rate</b>						
Deposits with licensed financial institutions	24	1.76	11,178	11,178	-	-
Revolving credits	31	4.07	429,777,750	429,777,750	-	-
Term financing/loans	31	3.76	370,896,032	126,761,629	244,134,403	-

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Liquidity risk (Cont'd)

##### Profit rate and liquidity risk tables (Cont'd)

Analysis of financial instruments based on remaining contractual maturity (Cont'd)

The Company	Note	WAEPR %	Total RM	Maturity Profile Within 1 year RM
<b>2024</b>				
<b>Fixed rate</b>				
Other receivables	22	-	145,890	145,890
Amount due from a subsidiary company	23	1.30	10,661,474	10,661,474
Cash and bank balances	24	-	4,098	4,098
Accrued expenses	29	-	811,698	811,698
<b>2023</b>				
<b>Fixed rate</b>				
Other receivables	22	-	106,802	106,802
Amount due from a subsidiary company	23	0.90	14,734,716	14,734,716
Cash and bank balances	24	-	4,262	4,262
Accrued expenses	29	-	858,863	858,863

At the end of the reporting period, there are no default events have arisen that may cause the financial guarantee to be called. In the event of default and such financing liabilities are not repaid by the subsidiary companies, the Company would be required to meet its obligations on demand in accordance with the terms of such contracts.

Analysis of financial liabilities based on an undiscounted basis

The following table summarises the remaining maturities as at the reporting date of the Group's financial liabilities based on contractual undiscounted repayment obligations:

The Group	Total RM	Maturity Profile		
		Within 1 year RM	2-5 years RM	After 5 years RM
<b>2024</b>				
<b>Fixed rate</b>				
Sukuk	1,364,188,730	376,308,307	746,811,562	241,068,861
Payables and accrued expenses	34,504,320	29,304,096	5,200,224	-
Term financing	23,795,545	2,018,701	21,776,844	-
Hire-purchase payables	1,393,666	425,436	968,230	-
Lease liabilities	2,142,852	1,049,346	1,093,506	-
<b>Floating rate</b>				
Revolving credits	549,606,799	549,606,799	-	-
Term financing/loans	406,439,585	154,593,000	251,846,585	-

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Liquidity risk (Cont'd)

##### Profit rate and liquidity risk tables (Cont'd)

*Analysis of financial liabilities based on an undiscounted basis (Cont'd)*

The Group	Total RM	Maturity Profile		
		Within 1 year RM	2-5 years RM	After 5 years RM
<b>2023</b>				
<b>Fixed rate</b>				
Sukuk	1,516,281,105	271,626,957	969,504,425	275,149,723
Payables and accrued expenses	36,250,274	35,470,050	780,224	-
Hire-purchase payables	1,673,430	433,279	1,240,151	-
Lease liabilities	3,192,198	1,049,346	2,142,852	-
<b>Floating rate</b>				
Revolving credits	429,807,889	429,807,889	-	-
Term financing/loans	405,318,190	141,697,705	263,620,485	-

##### Sensitivity analysis for profit rate risk

As at the reporting date, if profit rate had been fifty (50) basis points lower/higher, with all other variables held constant, the Group's profit for the financial year would increase/decrease by RM3,299,573 (2023: RM2,859,376) as a results of a lower/higher profit expense on floating rate financial assets and liabilities.

#### (d) Fair values

The accounting policies applicable to the major financial assets and liabilities are as disclosed in Note 3.

##### (i) Financial assets

The Group's and the Company's principal financial assets are financing receivables, trade receivables, other receivables and deposits, amount due from a subsidiary company, deposits with licensed financial institutions and cash and bank balances.

##### (ii) Financial liabilities and equity instruments

Significant financial liabilities include financing liabilities, lease liabilities, hire purchase payables and payables and accrued expenses.

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Fair values (Cont'd)

The carrying amount of financial assets and liabilities of the Group as at the reporting date approximate their fair values except for the following:

	Note	2024		2023	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial assets</b>					
Financing receivables	18	1,972,718,765	2,014,919,126	1,899,411,856	1,922,535,668
<b>Financial liabilities</b>					
Financing liabilities					
- Sukuk	31	1,175,824,081	1,206,381,979	1,290,870,397	1,315,695,911

The methods and assumptions used by management to determine the fair values of the financial instruments are as follows:

#### (i) Financing receivables

The fair values of financing receivables with remaining maturity of less than one (1) year are estimated to approximate their carrying amounts. For financing receivables with remaining maturity of more than one (1) year, the fair values are estimated based on discounted cash flows using prevailing rates of financing receivables of similar credit profile.

The fair values of impaired financing receivables are represented by their carrying amounts, net of credit allowance, being the expected recoverable amount.

#### (ii) Short-term financial instruments

The fair values are estimated to approximate their carrying amounts as the financial instruments are considered short-term in nature.

#### (iii) Sukuk

The fair values are estimated using discounting technique. The discount rates are based on market profit rates available to the Group for similar instruments.

The fair value hierarchies used to classify financial instruments not measured at fair value in the statements of financial position, but for which fair value is disclosed, are as follows:

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Notes to the Financial Statements

31 March 2024

### 33. FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Fair values (Cont'd)

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2024</b>				
<b>Financial assets</b>				
Financing receivables	-	-	2,014,919,126	2,014,919,126
<b>Financial liabilities</b>				
Financing liabilities				
- Sukuk	-	1,206,381,979	-	1,206,381,979
<b>2023</b>				
<b>Financial assets</b>				
Financing receivables	-	-	1,922,535,668	1,922,535,668
<b>Financial liabilities</b>				
Financing liabilities				
- Sukuk	-	1,315,695,911	-	1,315,695,911

### 34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group continue as going concerns while maintaining sustainable return to stakeholders.

The Group monitors capital using a gearing ratio, which is net financing liabilities divided by total equity. Net financing liabilities are calculated as total financing liabilities less deposits, cash and bank balances. Total equity is calculated as share capital plus reserves as shown in the statements of financial position.

As at the reporting date, the net gearing ratio are as follows:

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Total financing liabilities	2,119,583,598	2,091,544,179	-	-
Less: Deposits, cash and bank balances	(840,201,726)	(879,667,090)	(4,098)	(4,262)
Net financing liabilities	1,279,381,872	1,211,877,089	(4,098)	(4,262)
Total equity	829,773,145	805,659,174	364,570,637	368,574,771
Net gearing ratio (times)	1.54	1.50	-	-

## Statement by Directors

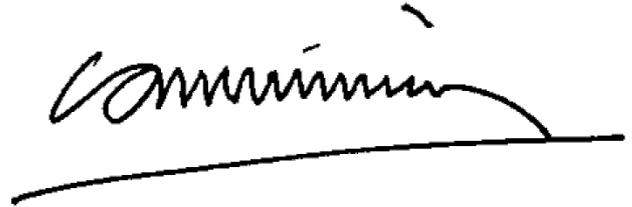
The directors of **RCE CAPITAL BERHAD** state that, in their opinion, the accompanying financial statements set out on pages 105 to 170 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2024 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board  
in accordance with a resolution of the directors



**SHAHMAN AZMAN**

Kuala Lumpur  
12 June 2024



**SOO KIM WAI**

## Declaration by the Officer Primarily Responsible

For the Financial Management of the Company

I, **YAP CHOON SENG**, the officer primarily responsible for the financial management of **RCE CAPITAL BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 105 to 170 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the  
abovenamed **YAP CHOON SENG** at  
**KUALA LUMPUR** this 12th day of June 2024.



**YAP CHOON SENG**  
MIA 20766

Before me

**COMMISSIONER FOR OATHS**



No. 30, Tingkat Bawah, Blok B,  
Flat PKNS, Jalan Raja Muda Musa,  
50300 Kg. Baru, Kuala Lumpur

# Analysis of Shareholdings

as at 28 June 2024

Issued Shares : 741,066,767 ordinary shares  
 Voting Rights : One (1) vote per ordinary share on a poll or  
 one (1) vote per shareholder on show of hands

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	794	6.99	40,372	0.01
100 to 1,000	1,999	17.61	1,239,804	0.17
1,001 to 10,000	5,889	51.87	26,560,680	3.62
10,001 to 100,000	2,364	20.82	69,121,979	9.43
100,001 to less than 5% of issued shares	306	2.70	367,239,571	50.11
5% and above of issued shares	1	0.01	268,648,165	36.66
<b>Total</b>	<b>11,353</b>	<b>100.00</b>	<b>732,850,571</b>	<b>100.00</b>

## THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	CEMPAKA EMPAYAR SDN BHD	268,648,165	36.66
2.	BBL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	31,450,000	4.29
3.	RHB NOMINEES (TEMPATAN) SDN BHD - MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	30,500,000	4.16
4.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD (AGB CBC2)	28,500,000	3.89
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	26,633,400	3.63
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD (AMCORPPROPMGT)	21,600,000	2.95
7.	LEMBAGA TABUNG HAJI	18,970,400	2.59
8.	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	15,500,000	2.11
9.	AMANAHRAYA TRUSTEES BERHAD - PUBLIC ISLAMIC OPPORTUNITIES FUND	12,729,400	1.74
10.	WOO KHAI YOON	11,182,000	1.53
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	9,818,900	1.34
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - EMPLOYEES PROVIDENT FUND BOARD	9,094,534	1.24

**Analysis of Shareholdings**

as at 28 June 2024

**THIRTY LARGEST REGISTERED SHAREHOLDERS (CONT'D)**

<b>No.</b>	<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>%</b>
13.	CIMB COMMERCE TRUSTEE BERHAD - PUBLIC FOCUS SELECT FUND	6,474,300	0.88
14.	LEMBAGA TABUNG ANGKATAN TENTERA	6,453,800	0.88
15.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT RHB BANK BERHAD FOR CEMPAKA EMPAYAR SDN BHD	6,200,001	0.85
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD - RAKUTEN TRADE SDN BHD FOR LOH KAM CHUIN	5,400,000	0.74
17.	AMANAHRAYA TRUSTEES BERHAD - PUBLIC STRATEGIC SMALLCAP FUND	5,175,000	0.71
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD - RAKUTEN TRADE SDN BHD FOR YAP CHOON SENG	4,000,000	0.55
19.	CHEAM MAY YOON	2,664,000	0.36
20.	LIEW SZE FOOK	2,630,000	0.36
21.	HIEW CHANG CHUN	2,500,000	0.34
22.	OON HOOI KHEE	2,500,000	0.34
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEAM MAY CHOO (E-KTN)	2,259,000	0.31
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (NOMURA)	2,200,000	0.30
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG CHAI (E-KTN)	2,139,000	0.29
26.	FONG SILING	2,050,000	0.28
27.	AMANAHRAYA TRUSTEES BERHAD - PMB SHARIAH GROWTH FUND	2,000,000	0.27
28.	B-OK SDN BHD	2,000,000	0.27
29.	AMANAHRAYA TRUSTEES BERHAD - PUBLIC EMERGING OPPORTUNITIES FUND	1,778,900	0.24
30.	LIEW KIM CHOI	1,749,400	0.24
	<b>Total</b>	<b>544,800,200</b>	<b>74.34</b>

## Analysis of Shareholdings

as at 28 June 2024

### SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Cempaka Empayar Sdn Bhd	429,031,566	58.54	-	-
Amcorp Group Berhad	-	-	429,031,566 <sup>(1)</sup>	58.54
Clear Goal Sdn Bhd	-	-	429,031,566 <sup>(1)</sup>	58.54
Tan Sri Azman Hashim	1,500,000	0.20	429,031,566 <sup>(1)</sup>	58.54

Note:

<sup>(1)</sup> Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through Cempaka Empayar Sdn Bhd.

### DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS AND OPTIONS HELD UNDER THE EMPLOYEES' SHARE SCHEME OF THE COMPANY

Name of Directors and Chief Executive Officer	Direct Interest		Indirect Interest		No. of Options Held
	No. of Shares	%	No. of Shares	%	
Shahman Azman	600,000	0.08	-	-	-
Tan Sri Mazlan Mansor	-	-	-	-	-
Datuk Mohamed Azmi bin Mahmood	-	-	-	-	-
Thein Kim Mon	-	-	-	-	-
Azura binti Azman	-	-	-	-	-
Shalina Azman	900,000	0.12	-	-	-
Soo Kim Wai	-	-	-	-	-
Lum Sing Fai	996	*	-	-	-
Loh Kam Chuin (Chief Executive Officer)	5,400,000	0.74	-	-	1,200,000

Note:

\* Negligible

The analysis of shareholdings is based on the Record of Depositors as at 28 June 2024, net of 8,216,196 treasury shares.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Seventieth Annual General Meeting of RCE Capital Berhad will be held as a fully virtual meeting conducted entirely through live streaming and remote voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 5 September 2024 at 10.30 a.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2024 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees of RM593,750 for the financial year ended 31 March 2024. **Resolution 1**
3. To approve the Directors' benefits to the Non-Executive Directors of the Company up to an aggregate amount of RM850,000 for the period from 6 September 2024 until the next Annual General Meeting of the Company. **Resolution 2**
4. To re-elect Puan Azura binti Azman who retires pursuant to Clause 103 of the Company's Constitution. **Resolution 3**
5. To re-elect the following Directors who retire pursuant to Clause 118 of the Company's Constitution:
  - (i) Encik Shahman Azman **Resolution 4**
  - (ii) Tan Sri Mazlan Mansor **Resolution 5**
6. To re-appoint Deloitte PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 6**

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions, with or without modifications:

7. **Authority to Issue Shares Pursuant to Section 75 of the Companies Act 2016** **Resolution 7**

"THAT subject always to the Companies Act 2016 ("Act"), provisions of the Company's Constitution and the approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

## Notice of Annual General Meeting

### 8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 29 July 2024, provided that the transactions are in the ordinary course of business which are necessary for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company and that the aggregate value of such transactions conducted pursuant to the shareholders' mandate during the financial year be disclosed in the annual report of the Company;

**Resolution 8**

AND THAT such authority conferred shall continue to be in force until:

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

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

### 9. Proposed Renewal of Share Buy-Back Authority

"THAT subject to the Companies Act 2016 ("Act"), provisions of the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and any other relevant authorities, approval be and is hereby given for the Company to purchase ordinary shares in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that:

**Resolution 9**

- (i) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company for the time being;
- (ii) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own ordinary shares shall not exceed the Company's retained profits at the time of purchase(s);

## Notice of Annual General Meeting

- (iii) the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will continue to be in force until:
- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
  - (c) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,
- whichever is the earlier;
- (iv) the shares so purchased by the Company pursuant to the Share Buy-Back Mandate be retained as treasury shares which may be distributed as dividends and/or resold on Bursa Securities and/or cancelled and/or dealt with by the Directors in the manner allowed by the Act;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as they may consider expedient or necessary to implement and give effect to the Share Buy-Back Mandate.”

10. To transact any other business of which due notice shall have been received.

By Order of the Board

**JOHNSON YAP CHOON SENG (MIA 20766) (SSM PC No. 202008000685)**

**SEOW FEI SAN (MAICSA 7009732) (SSM PC No. 201908002299)**

Secretaries

Petaling Jaya

29 July 2024

### Notes:

1. The Seventieth Annual General Meeting will be held as a fully virtual meeting conducted entirely through live streaming and remote voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshbsb.net.my/>.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshbsb.net.my/> by the registration cut-off time. Please refer to the Administrative Guide for the Seventieth Annual General Meeting for further details.

The Administrative Guide for the Seventieth Annual General Meeting is available for download at [www.rce.com.my](http://www.rce.com.my).

2. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 29 August 2024 shall be eligible to participate and vote at the Seventieth Annual General Meeting.
3. A member entitled to participate and vote at the Meeting is entitled to appoint not more than two (2) proxies to participate and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. There shall be no restriction as to the qualification of the proxy.

## Notice of Annual General Meeting

4. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
5. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with the ordinary shares of the Company standing to the credit of the said account.
6. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
7. The instrument appointing a proxy ("Form of Proxy") shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
8. The Form of Proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting. Alternatively, you may submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshbsb.net.my/>.

### Explanatory Notes:

- (i) The Audited Financial Statements under Agenda 1 are meant for discussion only in accordance with Section 340(1)(a) of the Companies Act 2016 and do not require shareholders' approval. Hence, this Agenda will not be put forward for voting.

- (ii) **Resolution 2 - Directors' Benefits**

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company shall be approved at a general meeting.

The proposed Resolution 2 is to seek shareholders' approval for the payment of Directors' benefits for the period from 6 September 2024 until the next Annual General Meeting ("AGM") of the Company ("Relevant Period") up to an aggregate amount of RM850,000.

In determining the estimated total Directors' benefits for the Relevant Period, the size of the Board and Board Committees and the number of meetings estimated to be held during the Relevant Period were taken into consideration.

- (iii) **Resolutions 3, 4 and 5 - Re-election of Directors**

The Constitution of the Company provides that:

- (a) a Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting; and
- (b) all Directors shall retire from office at least once every three (3) years and that at every AGM, one-third of the Directors for the time being or if the number is not three (3) or a multiple of three (3), then the number nearest one-third shall retire from office and shall be eligible for re-election.

Puan Azura binti Azman was appointed as a Director of the Company on 1 December 2023 thus, she is due for retirement pursuant to Clause 103 of the Constitution of the Company and being eligible, is standing for re-election.

## Notice of Annual General Meeting

The following Directors are due for retirement by rotation at the Seventieth AGM of the Company, and being eligible, have offered themselves for re-election:

- (1) Encik Shahman Azman
- (2) Tan Sri Mazlan Mansor

Puan Azura binti Azman, Encik Shahman Azman and Tan Sri Mazlan Mansor, are collectively known as the “retiring Directors”.

The Board via the Nomination & Remuneration (“N&R”) Committee, has through an annual evaluation carried out in May 2024, reviewed the performance and contributions of each of the retiring Directors as well as assessed the independence demonstrated by Tan Sri Mazlan Mansor and Puan Azura binti Azman. Additionally, the N&R Committee has also conducted a fit and proper assessment on the retiring Directors.

The N&R Committee after taking into account the satisfactory performance, contributions, as well as the fitness and propriety of the retiring Directors; the independence demonstrated by Tan Sri Mazlan Mansor and Puan Azura binti Azman, and their ability to act in the best interests of the Group in decision-making, had recommended the re-election of the retiring Directors for the Board’s consideration. The retiring Directors had also met the fit and proper criteria as prescribed in the Directors’ Fit and Proper Policy.

The Board was satisfied with the evaluation results of the retiring Directors and based on the N&R Committee’s recommendation, resolved to recommend the re-election of the retiring Directors at the forthcoming Seventieth AGM.

The profile of the retiring Directors are set out in the Profile of Directors in the Annual Report 2024 and are also available on the Company’s website at [www.rce.com.my](http://www.rce.com.my).

(iv) **Resolution 7 - Authority to Issue Shares Pursuant to Section 75 of the Companies Act 2016**

The Ordinary Resolution proposed under Agenda 7 is for the purpose of seeking a renewal of the general mandate (“General Mandate”) and if passed, will empower the Directors of the Company pursuant to Section 75 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to funding future investment, working capital, acquisitions or such other purposes as the Directors consider would be in the best interest of the Company.

As at the date of this Notice, no new share in the Company was issued pursuant to the mandate granted to the Directors at the Sixty-Ninth AGM of the Company held on 7 September 2023.

(v) **Resolution 8 - Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)**

The Ordinary Resolution proposed under Agenda 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to paragraph 10.09 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

## Notice of Annual General Meeting

### (vi) Resolution 9 - Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution proposed under Agenda 9, if passed, will allow the Company to purchase up to 10% of the total number of issued ordinary shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Further information on the Proposed Shareholders' Mandate and Proposed Renewal of Share Buy-Back Authority are set out in the Circular/Statement to Shareholders dated 29 July 2024 which is available on the Company's website at [www.rce.com.my](http://www.rce.com.my).

#### PERSONAL DATA PRIVACY:

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



## RCE CAPITAL BERHAD

Registration No. 195301000151 (2444-M)

### FORM OF PROXY

I/We \_\_\_\_\_ NRIC No./Passport No./Company No./Registration No.: \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of **RCE CAPITAL BERHAD**, hereby appoint:

(1) Name of Proxy: \_\_\_\_\_ NRIC No./Passport No.: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_ Tel No.: \_\_\_\_\_

(2) Name of Proxy: \_\_\_\_\_ NRIC No./Passport No.: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_ Tel No.: \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventieth Annual General Meeting of the Company to be held as a fully virtual meeting conducted entirely through live streaming and remote voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia on Thursday, 5 September 2024 at 10.30 a.m. or at any adjournment thereof, in the manner as indicated below:

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees.		
2.	To approve the Directors' benefits.		
3.	To re-elect Puan Azura binti Azman as Director.		
4.	To re-elect Encik Shahman Azman as Director.		
5.	To re-elect Tan Sri Mazlan Mansor as Director.		
6.	To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Authority to issue shares pursuant to Section 75 of the Companies Act 2016.		
8.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
9.	Proposed Renewal of Share Buy-Back Authority.		

Please indicate with an "X" in the spaces provided above as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Signature of Shareholder/Common Seal

Tel No. (During office hours): \_\_\_\_\_

No. of Shares Held		
CDS Account No.		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %

#### Notes:

- The Seventieth Annual General Meeting will be held as a fully virtual meeting conducted entirely through live streaming and remote voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/>.  
Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off time. Please refer to the Administrative Guide for the Seventieth Annual General Meeting for further details.  
The Administrative Guide for the Seventieth Annual General Meeting is available for download at [www.rce.com.my](http://www.rce.com.my).
- In respect of deposited securities, only members whose names appear in the Record of Depositors as at 29 August 2024 shall be eligible to participate and vote at the Seventieth Annual General Meeting.
- A member entitled to participate and vote at the Meeting is entitled to appoint not more than two (2) proxies to participate and vote in his/her stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. There shall be no restriction as to the qualification of the proxy.

4. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
5. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with the ordinary shares of the Company standing to the credit of the said account.
6. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
7. The instrument appointing a proxy ("Form of Proxy") shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
8. The Form of Proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting. Alternatively, you may submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshsb.net.my/>.

**PERSONAL DATA PRIVACY:**

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

*Please fold here*

STAMP

**RCE CAPITAL BERHAD**  
c/o SS E Solutions Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

*Please fold here*



**RCE CAPITAL BERHAD**  
195301000151 (2444-M)

20th Floor, Menara Teo Chew  
No. 1 Jalan Lumut  
50400 Kuala Lumpur  
Malaysia

 +603-4047 0988

 +603-4042 8877

*[www.rce.com.my](http://www.rce.com.my)*

