RCE

RCE CAPITAL BERHAD

195301000151 (2444-M)

member of

AMCORP

ANNUAL REPORT **2022**

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Corporate Information

BOARD OF DIRECTORS

SHAHMAN AZMAN
Non-Independent Non-Executive Chairman

TAN SRI MAZLAN BIN MANSOR
Independent Director

DATUK MOHAMED AZMI BIN MAHMOOD
Independent Director

MAHADZIR BIN AZIZAN
Independent Director

THEIN KIM MON
Independent Director

SOO KIM WAI
Non-Independent Non-Executive Director

SHALINA AZMAN
Non-Independent Non-Executive Director

LUM SING FAI
Non-Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER

Loh Kam Chuin

COMPANY SECRETARIES

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

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

REGISTERED OFFICE

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17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia

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Fax : +603-7806 1387 / +603-7806 1261

BUSINESS ADDRESS

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

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

AUDITORS

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

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

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

Tel : +603-2783 9299
Fax : +603-2783 9222

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
(Listed on 20 September 1994)
Stock name : RCECAP
Stock code : 9296

Corporate Structure

RCE
RCE CAPITAL BERHAD

100%
RCE Marketing Sdn Bhd
Provision of shariah-compliant and conventional financing services

100%
Mezzanine Enterprise Sdn Bhd
Provision of financial administrative services

100%
EXP Payment Sdn Bhd
Processing and administration of payroll collection

100%
Zamarad Assets Berhad (“ZAB”)

100%
Al Dzahab Assets Berhad (“ADA”)

ZAB and ADA are included as indirect and not legal subsidiary companies of RCE Capital Berhad as a result of compliance with applicable accounting standards.
These are special purpose vehicles owned by TMF Trustees Malaysia Berhad as share trustee for the issuance of RM2.00 billion Asset-Backed Securitisation Islamic Medium Term Notes and RM900.0 million Sukuk Murabahah Asset-Backed Securitisation Programmes respectively

100%
RCE Factoring Sdn Bhd
Confirming and factoring, provision of shariah-compliant financing services, industrial hire-purchase specialising in trade-related activities and general trading

100%
RCE Trading Sdn Bhd
Investment of securities

100%
RCE Sales Sdn Bhd
Provision of shariah-compliant and conventional financing services

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

Group Financial Highlights

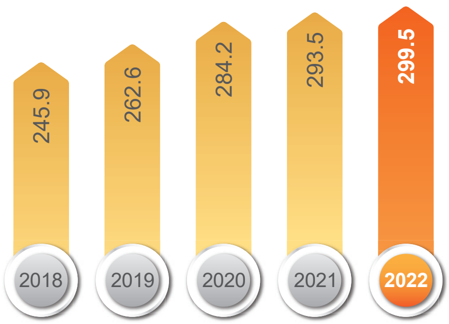
		Financial Years Ended 31 March				
		2018	2019	2020	2021	2022
Profitability						
Revenue	(RM'000)	245,906	262,570	284,197	293,459	**299,457**
Profit before tax and allowances for impairment loss on receivables	(RM'000)	146,968	154,814	171,990	182,815	**188,776**
Profit before tax	(RM'000)	117,373	131,089	148,900	167,223	**177,232**
Net profit attributable to owners of the Company	(RM'000)	88,681	95,533	110,581	124,633	**133,169**
Key Consolidated Statements of Financial Position Data						
Total assets	(RM'000)	1,858,790	2,226,143	2,431,032	2,490,706	**2,725,278**
Financing receivables, net	(RM'000)	1,524,707	1,598,706	1,689,915	1,721,180	**1,764,072**
Financing liabilities (net of deposits, cash and bank balances)	(RM'000)	1,101,274	1,112,482	1,094,200	1,072,718	**1,003,465**
Net assets ("NA") attributable to ordinary shareholders	(RM'000)	519,273	583,516	673,363	774,031	**872,068**
Key Financial Indicators						
NA per ordinary share	(RM)	1.52	1.71	1.92	2.15	**1.19^**
Return on average equity	(%)	18.46	17.42	17.60	17.22	**16.18^**
Earnings per share:						
Basic	(sen)	26.03	28.02	31.83	35.03	**18.25^**
Diluted	(sen)	25.98	27.95	31.71	34.99	**18.19^**
Net gearing ratio	(times)	2.12	1.91	1.62	1.39	**1.15^**
Net dividend per share	(sen)	7.00	9.00	11.00	13.00	**11.00***
Dividend payout ratio	(%)	27	33	35	38	**41**
Return on average total assets	(%)	4.98	4.68	4.75	5.06	**5.11**
Number of ordinary shares outstanding (net of treasury shares)	(unit)	342,022	341,908	350,333	360,050	**731,771^**
Share price as at financial year end	(RM)	1.23	1.63	1.49	2.60	**1.85**

^ *Accounted for the effects of enlarged share capital upon issuance and distribution of bonus and treasury shares.*

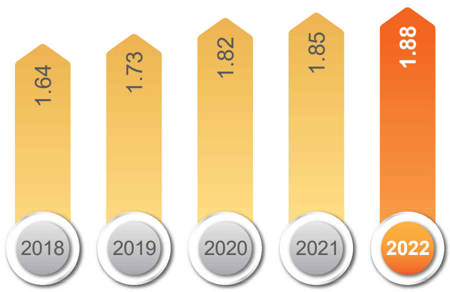
* *Derived from first interim dividend of 7.00 sen per ordinary share and second interim dividend of 4.00 sen per ordinary share prior to and after enlarged share capital upon issuance and distribution of bonus and treasury shares respectively.*

Group Financial Highlights

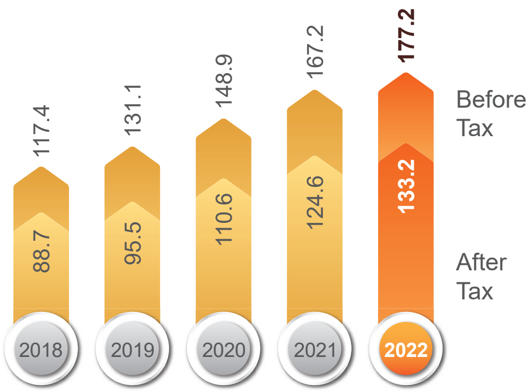
Revenue
(RM'million)



Financing Receivables
(RM'billion)



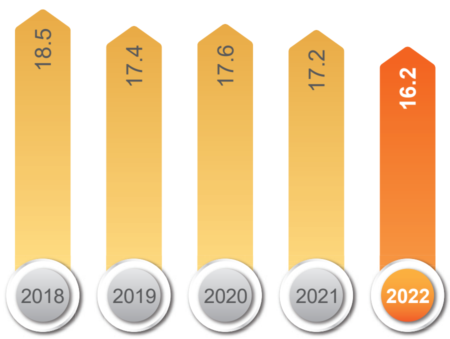
Profits
(RM'million)



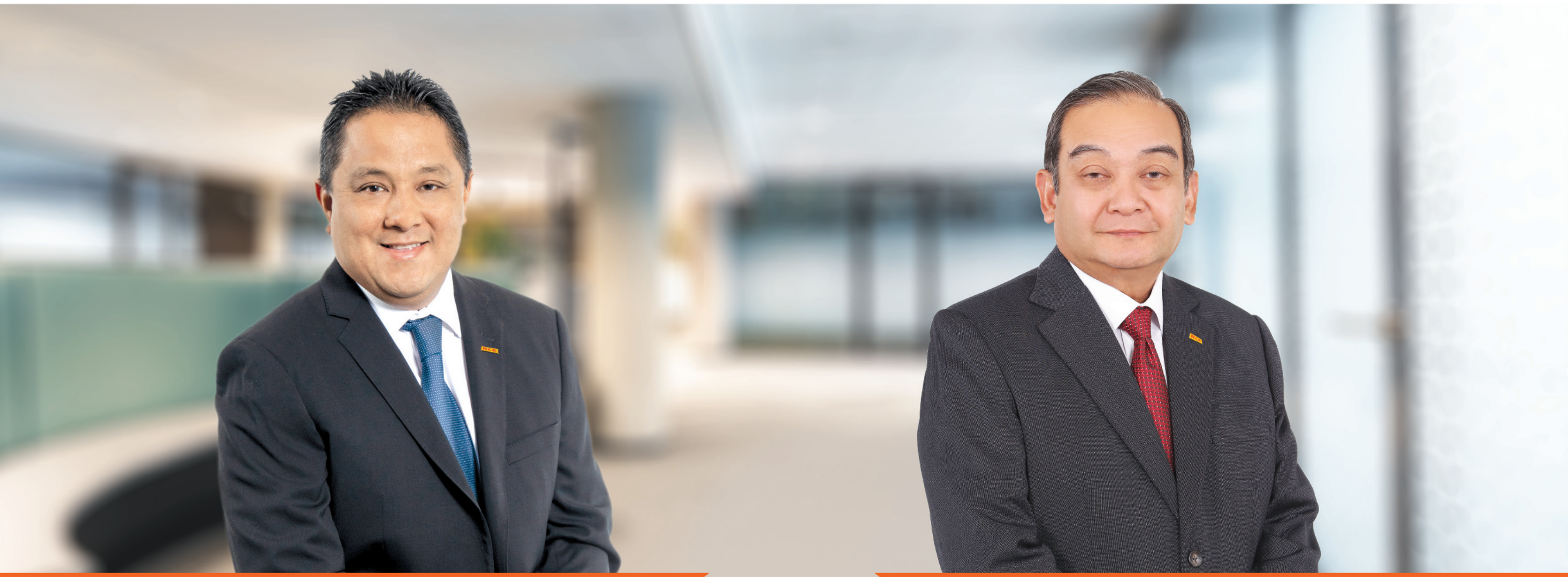
Financing Liabilities
(RM'billion)

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 47, 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.

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

TAN SRI MAZLAN BIN MANSOR
Independent Director

Tan Sri Mazlan bin Mansor, a Malaysian, male, aged 61, 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 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 is also a Board Member of the Securities Commission Malaysia.

Profile of Directors

DATUK MOHAMED AZMI BIN MAHMOOD
Independent Director

MAHADZIR BIN AZIZAN
Independent Director

Datuk Mohamed Azmi bin Mahmood, a Malaysian, male, aged 68, 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.

Encik Mahadzir bin Azizan, a Malaysian, male, aged 73, was appointed to the Board on 31 October 2014.

He is a Barrister-at-Law from the Honourable Society of Lincoln's Inn, London, United Kingdom and was called to the English Bar in 1978.

Encik Mahadzir has more than 40 years of experience in corporate legal matters and has held key positions both in private and public sector. After graduation, he joined the Judicial and Legal Service of the Malaysian Government as a Deputy Public Prosecutor and Federal Counsel and subsequently ventured into the private sector and served Malaysian International Shipping Corporation (MISC) and Island & Peninsular Berhad, the property arm of Permodalan Nasional Berhad (PNB) for 24 years. Whilst in the private sector, he also served as Ahli Majlis MARA, director of Amanah Raya Berhad and Tabung Haji group of companies as well as various other directorships in government-linked companies.

He also sits on the Board of ECM Libra Group Berhad, Securities Industry Dispute Resolution Center and is Chairman of AmanahRaya-Kenedix REIT Manager Sdn Bhd, the Manager of AmanahRaya Real Estate Investment Trust.

Profile of Directors

THEIN KIM MON
Independent Director

SOO KIM WAI
Non-Independent Non-Executive Director

Mr. Thein Kim Mon, a Malaysian, male, aged 67, was appointed to the Board on 30 September 2019.

Mr. Thein is a Fellow of the Institute of Chartered Accountants, England and Wales (ICAEW)(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.

Mr. Soo Kim Wai, a Malaysian, male, aged 61, 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, AmBank (M) Berhad and Amcorp Global Limited, a company listed on the Mainboard of Singapore Stock Exchange. He also serves as Chairman of AmREIT Managers Sdn Bhd, the Manager of AmFirst Real Estate Investment Trust.

Profile of Directors

SHALINA AZMAN
Non-Independent Non-Executive Director

Puan Shalina Azman, a Malaysian, female, aged 55, 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.

Apart from Amcorp, Puan Shalina is also the Chairman of Amcorp Properties Berhad and sits on the Board of Rockwills International Berhad.

LUM SING FAI
Non-Independent Non-Executive Director

Mr. Lum Sing Fai, a Malaysian, male, aged 57, 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 26 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 55, 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				**Chairman**
Tan Sri Mazlan bin Mansor	Member			
Datuk Mohamed Azmi bin Mahmood	Member	**Chairman**		
Mahadzir bin Azizan	Member	Member		
Thein Kim Mon	**Chairman**			
Soo Kim Wai	Member		**Chairman**	
Shalina Azman		Member	Member	Member
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 and the Chief Executive Officer have any conflict of interest with the Company.

None of the Directors and the Chief Executive Officer have been convicted for offences within the past 5 years, other than traffic offences, if any.

None of the Directors and 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 52, 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 50, 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 with the Annual Report of RCE Capital Berhad and its subsidiaries ("the Group") for the financial year ended 31 March 2022 ("FYE 2022").

ECONOMIC REVIEW

As we entered the second year of the COVID-19 pandemic and discovery of two variants of the virus, namely Delta and the more contagious Omicron, economies around the world continue to grapple with uncertainties and disruptions.

The rollout of vaccine programmes around the world and stimulus packages by various nations have seen some economies reopening and returning to some semblance of normalcy whilst others continue to enforce strict or total lockdowns. This prolonged disruption eventually threw global supply chain into disarray. A surge in pent up demand and a shortage of supply resulted in price hikes of both raw materials and finished goods.

As the year progressed, vaccine rollouts gained momentum and infection rates dropped. Governments and central banks responded with opening of borders as well as gradual cessation of their unprecedented fiscal and monetary support. Thus, towards the second half of FYE 2022 people started traveling again and interest rates were raised in some countries to curb rising inflation as economies recover.

However, the cautious optimism that the worst was over after having endured unprecedented lockdowns in 2020 and 2021 was shattered by the Russian-Ukraine military conflict in the last quarter of FYE 2022.

On the domestic front, apart from the pandemic, we faced the wrath of mother nature in December 2021 as we experienced devastating floods which damaged roads and properties, displaced lives and disrupted businesses in various parts of the country.

In spite of all these, the country's growth trajectory picked up. Economic activities resumed with the easing of containment measures following high vaccination rates and declining new infections. Furthermore, private sector consumption and strong exports demand continued to firm the labour market, driving economic growth.

With these positive developments, overall Malaysia's economic performance in 2021 exhibited a recovery momentum with a growth of 3.1% in 2021 as compared to a 5.6% contraction in 2020.

Chairman's Letter to Shareholders

PERFORMANCE REVIEW

Following the resumption of economic activities, easing of movement restrictions and significant progress in vaccination programmes, the Group recorded a stable performance in FYE 2022. The Group's revenue registered at RM299.5 million with a 2.0% year-on-year growth from RM293.5 million in FYE 2021. The main contributor was the increase in early settlement and fee income. This was as a result of higher refinancing activities by customers and disbursements arising from our continuous effort in organising sales campaigns to boost the brand presence.

While Bank Negara Malaysia ("BNM") continued to maintain Overnight Policy Rate ("OPR") at 1.75% since 7 July 2020, the Group's weighted average profit rate of financing liabilities reduced by 12 basis points in FYE 2022. In addition, continuous optimisation of operational costs allowed the Group to maintain its cost to income ratio at a notable level of 21.1%.

Besides, allowances for impairment charge of RM11.5 million were lower in comparison to RM15.6 million in FYE 2021. This was mainly due to the Group's sound credit underwriting practices in establishing quality underlying assets which is central to our risk management principles. The improvement has also taken into account positive future outlook reflected in forward-looking variables based on financial reporting requirements.

The Group achieved a higher profit after tax of RM133.2 million in FYE 2022, representing an increase of 6.8%, from RM124.6 million a year ago. This increase was reflected in the current financial year's earnings per share of 18.3 sen and a return on average equity of 16.2%.

CORPORATE DEVELOPMENT

Effective 26 November 2021, the Shariah Advisory Council of Securities Commission Malaysia classified RCE Capital Berhad ("RCE") as a shariah-compliant security. RCE was among the four out of thirty-three securities that were shariah-compliant in the financial services sector of Bursa Malaysia Securities Berhad. This was made possible as we completed the conversion of our major business partners' financing from conventional to shariah in May 2020. It also marked a step forward in the journey of operating in an end-to-end shariah-compliant financing ecosystem. The classification as a shariah-compliant security is a significant development as it enables RCE to contribute towards promoting a progressive and inclusive Islamic financial and securities system.

"Most Innovative Islamic Finance Deal Of The Year & Best Islamic Finance Deal Of The Year" by Alpha Southeast Asia 15th Annual Best Deal & Solution Awards 2021

In another development, on 10 December 2021, Zamarad Assets Berhad ("ZAB"), a special purpose bankruptcy remote vehicle for RM2.00 billion Sukuk Murabahah Asset-Backed Securitisation ("ABS") Programme, received the "Most Innovative Islamic Finance Deal Of The Year & Best Islamic Finance Deal Of The Year" by Alpha Southeast Asia 15th Annual Best Deal & Solution Awards 2021 for its tranche sixth issuance. This accolade is a testament to our recognition by the industry.

ZAB's tranche sixth issuance was also acknowledged as the first Sukuk Murabahah ABS with Revolving Option ("RO") feature in Malaysia. This feature allows the purchase of additional receivables by utilising the excess fund from its sinking funds, thereby minimising negative carry.

In FYE 2022, ZAB issued two sukuk tranches with RO feature amounting to RM379.0 million.

Chairman's Letter to Shareholders

INVESTOR RELATIONS

We uphold our commitment to maintaining the highest standards of disclosure and corporate governance practices. The Group's Investor Relations team ("IR team") constantly strengthens communication with stakeholders, investors and analysts. IR team also carries out information disclosure in strict compliance with regulations through regular and timely announcements of business activities and corporate developments on the Group's website at www.rce.com.my.

Regular engagements with relevant parties enable positive feedback to management for prudent decision making and strategy planning.

The Group's IR team held quarterly briefings to analysts and fund managers by utilising online platforms and video conferencing tools as the pandemic continued during the financial year.

Analysts from Maybank Investment Bank Berhad, KAF Equities Sdn Bhd and RHB Investment Bank Berhad have been covering RCE's performance since September 2016, January 2018 and January 2020 respectively.

We held our second virtual Annual General Meeting on 23 September 2021, the first being on 22 September 2020.

SUSTAINABILITY DEVELOPMENT

Sustainability is integral to the Group's business growth. For us, it is not just about creating profits. Sustainability in business is also about continuously looking for new ways to grow through smart actions, making good for people, being a good community citizen and not making any harm to the environment. Success comes when others thrive. When others thrive, we succeed.

Our strategy is to create value for shareholders, business partners, customers and employees in a sustainable way by providing sustainable and responsible financing. To this effect, we work towards instilling greater awareness and action among employees, customers and other stakeholders.

In FYE 2022, the 17 United Nations Sustainable Development Goals was a factor in guiding value creation for the Group. Malaysia's climate-related commitments at the United Nations-backed Climate Change Conference focused on four mandates, which include negotiation on rules governing international carbon markets, transparency of emissions reporting, common timeframe for the National Determined Contributions ("NDC") and climate finance.

Malaysia is committing to a 45% reduction target in economy-wide carbon intensity against Gross Domestic Product ("GDP") by 2030 for the NDC. A domestic emissions trading scheme and voluntary carbon market is also to be launched by Bursa Malaysia Berhad as announced. We continued to benchmark our sustainability performance on climate change against global standards as well as local guidelines.

We also undertook a comprehensive assessment of the Group's business value chain to identify Environmental, Social and Governance ("ESG") risks and opportunities. Hence, we remain in the FTSE4Good Bursa Malaysia Index constituency for the third consecutive year. On 20 December 2021, RCE was also included as a constituent of FTSE4Good Bursa Malaysia Shariah Index, following its classification as a shariah-compliant security on 26 November 2021.

For further details regarding our sustainability efforts, please refer to the Sustainability Statement that can be found in this Annual Report.

DIVIDEND

Since FYE 2019, we have had a policy of rewarding shareholders with consistent dividend payments, ranging from 20% to 40% of the Group's profit after tax. Our financial management takes into account balancing cash flow needs and obligations to ensure consistent dividend payment.

On 6 December 2021, the Group paid the first interim dividend of 7.0 sen per ordinary share amounting to RM25.6 million.

On top of that, RCE distributed 18,291,722 share dividend to its shareholders, on the basis of one (1) treasury share for every twenty (20) ordinary shares on 17 January 2022.

In addition, after the above share dividend, shareholders were further rewarded with 351,470,069 bonus shares, on the basis of nineteen (19) bonus shares for every twenty-one (21) ordinary shares, thereby doubling the number of shares held by shareholders with no cash outlay.

Following this, a second interim dividend of 4.0 sen was paid on 30 June 2022, amounting to RM29.3 million. Hence, the total payout of RM54.9 million equates to a ratio of 41.2%.

Chairman's Letter to Shareholders

LOOKING AHEAD

Global economic growth is anticipated to moderate in 2022/2023 due to inflation, debt and income inequality, in view of expected outbreaks of potential new COVID-19 variants and the current Russian-Ukraine military conflict, heightening geopolitical tensions. As such, the International Monetary Fund projects a global GDP growth of 3.6% in 2022, a drop of 2.5% from the revised projection of 6.1% in 2021. Arising from divergent recovery progress from the pandemic-induced economic impact, a widened gap in global growth rate between advanced and developing economies is evident. In light of the uncertain outlook, concerted international efforts and deliberated fiscal policies are required to realign the economic recovery.

As for Malaysia, BNM forecasted economic growth in 2022 to be between 5.3% and 6.3% (2021: 3.1%). This is based on anticipation of increasing international and domestic economic activities, improved exports and expanding vaccination rates. Moreover, increasing private sector consumption is expected to facilitate demand for domestic goods and services.

On 11 May 2022 and 6 July 2022, BNM raised the OPR by 25 basis points to 2.00% and 2.25% respectively with expectation of more rate increases to come to orderly manage a sustainable economic growth. Apart from that, BNM's Financial Sector Blueprint 2022-2026 envisions improved financial inclusion, promotion of digitalisation and advancement of Islamic financing along the transition to a sustainable economy.

RCE continues acknowledging and leveraging the significance of digitalisation in advancing our business. In June 2021, we participated in a consortium led by Paramount Corporation Berhad to apply for one of five digital banking licences offered by BNM. In spite of the fact that our consortium's application was unsuccessful as announced by BNM in April 2022, the Group remains open to digital banking prospects and is keeping our options open to working with any of the successful parties in the future.

Going forward, RCE's focus will be to remain as a responsible financier in the civil servant market. We will keep to our commitment to grow quality financing in line with macroeconomic development.

Internally, we will work towards enhancing operations and procedures for improved efficiency and cost optimisation. Another initiative will be to channel resources to ensure we meet regulatory compliance requests, including shariah and ESG requirements, given RCE's inclusion as one of the shariah-compliant securities and part of FTSE4Good Indices constituency.

ACKNOWLEDGMENT

I would like to extend our deepest gratitude to all shareholders, customers, business partners and other stakeholders for your continued support. I would also like to thank my fellow Board members, our management team and employees for their unwavering commitment and efforts in creating value to the Group.

On behalf of the Board, I wish to take this opportunity to express our appreciation to Mr. Tan Bun Poo who resigned as an Independent Director on 31 May 2022, for his invaluable service and contribution to the Group for the past 9 years.

My deep appreciation also goes to regulators for their guidance and support. Last but not least, the Group extends heartfelt indebtedness to all healthcare, law enforcement and essential services personnel for their untiring and selfless efforts in combating the pandemic.

Shahman Azman
Chairman

Management Discussion and Analysis

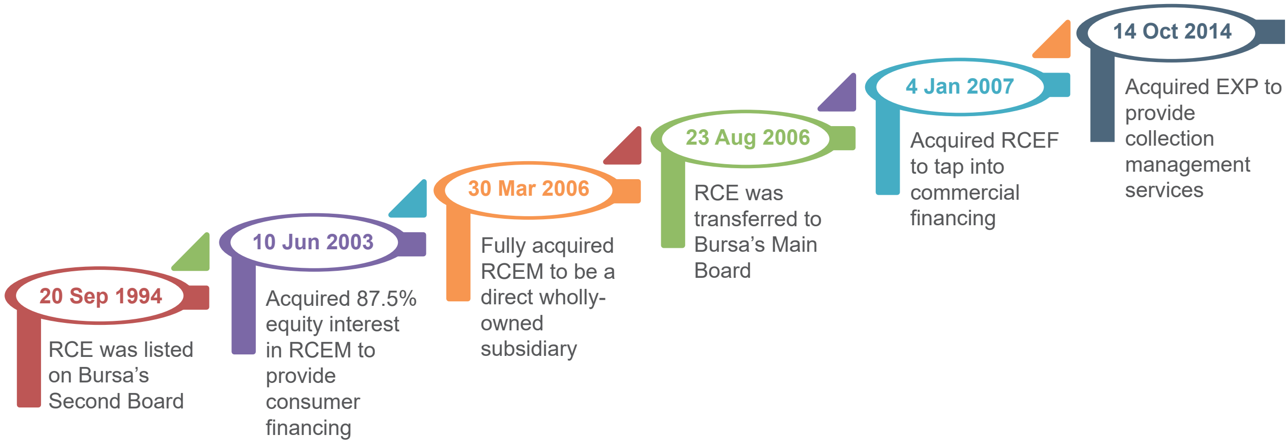
OUR BUSINESS

RCE Capital Berhad ("RCE") is an investment holding company and a subsidiary of Amcorp Group Berhad. RCE is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa") since 23 August 2006. Our core business is the delivery of shariah-compliant financing services to civil servants with the aim of generating sustainable returns to stakeholders.

RCE Marketing Sdn Bhd ("RCEM") and its subsidiaries as well as EXP Payment Sdn Bhd ("EXP") are the main contributors to the Group. While collectively serve as a total solutions provider to business partners, they offer shariah-compliant and conventional financing to end customers, comprising mainly civil servants. These customers repay their financing through direct monthly deductions from their salary.

In the move to complement the business, the Group acquired RCE Factoring Sdn Bhd ("RCEF") in 2007. RCEF offers factoring and confirming financing to small and medium-sized enterprises under its commercial segment while shariah-compliant and conventional financing are provided to selected customer segment.

The Group also acquired EXP in 2014 to provide salary deduction collection management services as an alternative to Biro Perkhidmatan Angkasa. Salary deduction services by EXP are provided under the scope of the Accountant General's Department of Malaysia and other selected government and semi-government agencies.



OUR STRATEGY

The Group strives to maintain sustainable medium to long term returns and value creation to its shareholders guided by environmental, social and governance ("ESG") principles and risks associated with climate change such as reputational, transitional and physical risks.

The Group remains steadfast in its commitment guided by industry best practices. To this end, the Group maintains ethical sales channels, develops products based on risk-based pricing and works towards providing exceptional customer service with quick turnaround time.

During the financial year ended ("FYE") 2022, the Group remained true to a set goal of value creation. One strategic thrust was to honour its commitment as a responsible financier by providing quality financing products in an end-to-end shariah-compliant financing ecosystem. Additionally, meeting customers' needs and expectations are nonetheless imperative. We approach this through appropriate technologies adoption, process innovations and holding to "*Customer for Life*" motto.

Management Discussion and Analysis

SUMMARY OF GROUP FINANCIAL PERFORMANCE

The Group's revenue was RM299.5 million in FYE 2022 with 2.0% year-on-year ("YoY") growth from RM293.5 million in FYE 2021. The growth was primarily contributed by higher early settlement and fee income arising from increased refinancing activities by customers and sales campaigns launched to boost the brand presence respectively.

As at 31 March 2022, the financing receivables stood at RM1.88 billion, representing 1.8% growth from RM1.85 billion a year ago.

Revenue RM'million

2022 : 299.5

2021 : 293.5

Financing Receivables RM'billion

2022 : 1.88

2021 : 1.85

Financing Growth %

2022 : 1.8

2021 : 1.4

The Group's profit expense remained at a manageable level of RM80.2 million in FYE 2022 as compared to RM80.4 million in FYE 2021. The Group monitors its funding costs to complement product development pricing through efforts in sourcing for cheaper financing, while maintaining adequate liquidity for business needs at all times. Following this, the Group's managed to reduce its weighted average profit rate of financing liabilities by 12 basis points in FYE 2022.

Profit Expense Applicable to Revenue RM'million

2022 : 80.2

2021 : 80.4

Non-Core Income RM'million

2022 : 20.4

2021 : 19.0

Non-core income of the Group increased to RM20.4 million in FYE 2022 from RM19.0 million in FYE 2021, largely driven by higher income generated from deposits placed with licensed financial institutions and bad debts recoveries.

Management Discussion and Analysis

The Group's operating expenses increased to RM50.9 million in FYE 2022 from RM49.3 million in FYE 2021. This was mainly due to higher facility fee expense in relation to newly sourced financing liabilities in current financial year. Despite higher operating expenses in FYE 2022, cost to income ratio of the Group remained at 21.1%.

Operating Expenses RM'million

2022 : 50.9

2021 : 49.3

Cost to Income Ratio %

2022 : 21.1

2021 : 21.1

On the other hand, the Group recorded lower allowances for impairment charge of RM11.5 million in FYE 2022 as compared to RM15.6 million in FYE 2021. The lower impairment allowances was due to prudent asset quality assessment, guided by the Group's credit scoring model that was implemented since May 2013. This further reaffirms that the Group's underlying asset quality is able to fit into its existing credit risk management and underwriting criteria. The improvement also took into account positive economic outlook reflected in the macroeconomic variables required under MFRS 9 *Financial Instruments*.

The Group's gross impaired financing ("GIF") improved to 6.1% in FYE 2022 from 6.7% a year ago while financing loss coverage stood at 162.8%, lower than FYE 2021 of 168.4%. These remained adequate as collections from customers were carried out via salary deduction, which mitigated the non-repayment risk.

Gross Impaired Financing %

2022 : 6.1

2021 : 6.7

Financing Loss Coverage %

2022 : 162.8

2021 : 168.4

Correspondingly, the Group's profit before tax rose to RM177.2 million in FYE 2022, representing an increase of 6.0% from RM167.2 million in FYE 2021. As a whole, the Group delivered a commendable result with a 6.8% increase in its profit after tax to RM133.2 million for FYE 2022 from RM124.6 million a year ago.

Profit Before Tax RM'million

2022 : 177.2

2021 : 167.2

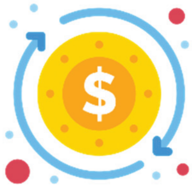
Profit After Tax RM'million

2022 : 133.2

2021 : 124.6

Management Discussion and Analysis

The Group continued to demonstrate its resilience with steady return on average equity and total assets of 16.2% and 5.1% respectively.



Return on Average Equity %

2022 : 16.2

2021 : 17.2

Return on Average Total Assets %

2022 : 5.1

2021 : 5.1

BUSINESS OPERATIONS REVIEW

The Group strategically enhanced its business operations by benchmarking to industry best practices, refining customers service quality, adopting technologies and process innovations, which are relevant to its core business. This enabled the Group to remain robust in these few turbulent financial years by offering products catered to changing customer needs, while staying agile as the root of business adaptability and sustainability.

The Group operates in an end-to-end shariah-compliant eco-system, which is validated by Shariah Advisory Council of Securities Commission Malaysia as evidenced by the inclusion of RCE as a shariah-compliant security effective 26 November 2021. RCE is now among the four out of thirty-three securities that are shariah-compliant in the financial services sector of Bursa. This milestone is significant as it allows the Group to continue to contribute towards the promotion of a progressive and inclusive Islamic financial and securities system.

Furthermore, the Group made much progress in the context of being a responsible financier by offering products that met market demand and ensuring customers obtained financing within their credit capacities. Targeted moratoriums were provided since last financial year to customers genuinely affected by the pandemic. Another initiative was working towards customers' financial literacy through educational articles sharing at business partners' websites and Facebook pages.

Internally, stability of various funding sources were ensured as pre-emptive measures against disruption to business that would affect the provision of financing products. Movements in profit and interest rates are closely monitored. As it is, Bank Negara Malaysia ("BNM") on 11 May 2022 and 6 July 2022 increased the Overnight Policy Rate by 25 basis points on each occasion. Whilst the Group is in the position to re-price our financing products in tandem with the rate increase, such decision will only be made after taking into consideration the competitive landscape as well as the Group's appetite in absorbing the increase. A delay in increasing profit rates of financing products would allow time for customers to adapt to a rising profit rate environment.

Besides, the Group initiated several new digital initiatives, enabling faster turnaround time through online application and real-time verification to meet the demand of tech-savvy customers. Alternatively, the Sales Team continue providing hassle-free and professional services in helping less tech-savvy customers in acquiring suitable financing products. The Group also provides accessible customer service through a variety of modes such as enquiry form in the websites, Chatbots at our Business Partners' websites and call to customer service personnel.

As for the back-end operations, the Group upgraded the database and hardware of operational systems for processing speed enhancement and growing data size accommodation, apart from the regular penetration tests conducted by the external consultants to identify security vulnerabilities. To prevent unauthorised access, a data loss prevention platform was implemented since January 2022.

Management Discussion and Analysis

As well as all of the above, the Group embeds sustainability solutions in its daily operations to minimise disruptions to business activities. These include establishment of virtual private network and meeting platforms to facilitate remote working arrangement at any point of time and conversion of hardcopy forms into online applications for internal administrative matters. The Group is also evaluating suitable models to assess the potential cost of climate change to its operations and also implementing effective adaptation approach to the impacts.

In addition, our credit risk strategy remains anchored around a balance between credit quality, profitability and sustainable growth. It is formulated by keeping in mind the Group's overall credit risk appetite and exposure. We also carry out periodic reviews on credit policies and underwriting criteria to ensure that they stay up to date.

LIQUIDITY RISK MANAGEMENT

With regards to liquidity risk management, the Group adopts a vigilant approach in maintaining sufficient liquidity through short and long term financing at favourable terms. Another strategy is the Group's constant management of profit rate risk by maintaining an optimal mix of fixed and floating rate financing liabilities.

With the anticipated profit rate hikes by BNM as a pre-emptive measure to head off inflation, the Group continues to source for new financing to broaden the choices of its existing financiers. This bodes well in allowing the Group to hedge against the unfavourable impact of the profit rate hikes with the availability of different sources of financing such as sukuk, term financing/loans and revolving credits.

As at 31 March 2022, the Group's financing liabilities stood at RM1.80 billion, equating to a net gearing ratio of less than 2 times.

The Group's RM2.00 billion Sukuk Murabahah Asset-Backed Securitisation Programme ("RM2.00 billion Sukuk Programme") via Zamarad Assets Berhad ("ZAB") was established since March 2019, which provides long term funding due to its perpetual nature. This allows better asset liability management as it enables mitigation of the mismatch in cash flow timing. ZAB has to-date successfully issued sukuk totalling RM1.11 billion in seven tranches, out of which RM124.0 million is internally subscribed by RCE Trading Sdn Bhd, a wholly-owned subsidiary.

Financing Liabilities RM'billion

2022 : 1.80

2021 : 1.67

In FYE 2022, ZAB activated the Revolving Option ("RO") feature of its RM2.00 billion Sukuk Programme, the first in Malaysia. This allows ZAB to purchase additional receivables from RCEM, a wholly-owned subsidiary of RCE by utilising its excess funds from the sinking funds. The proceeds received by RCEM will be subsequently used to generate new disbursements, thereby minimising negative carry and providing stable funding for the Group. ZAB's sixth and seventh tranche with RO feature were issued in July 2021 and March 2022 with issuance size of RM124.0 million and RM255.0 million respectively.

On 10 December 2021, ZAB received the "Most Innovative Islamic Finance Deal Of The Year & Best Islamic Finance Deal Of The Year" by Alpha Southeast Asia 15th Annual Best Deal & Solution Awards 2021 for its sixth tranche issuance.

Other than ZAB's RM2.00 billion Sukuk Programme, the Group has another RM900.0 million Sukuk Murabahah Asset-Backed Securitisation Programme ("RM900.0 million Sukuk Programme") established via a special purpose vehicle, namely Al Dzahab Assets Berhad ("ADA"). It has fully utilised its programme limit with five tranches issued since June 2016 and continues to meet its financing obligation through collections received from the underlying securitised receivables.

Both ZAB and ADA's Sukuk Programmes are rated by RAM Ratings Berhad. The upgrading and reaffirmation of ratings over these financial years reflect the Group's strength in ensuring the quality of its underlying securitised receivables remain sound.

Management Discussion and Analysis

ZAB's Sukuk Programme Rating Review:

Tranche	Initial Rating	Outcome
Tranche 1 Class A	AAA (Stable) *27.03.2019*	Reaffirmed *26.04.2022*
Tranche 2 Class A	AAA (Stable) *26.07.2019*	Reaffirmed *24.09.2021*
Tranche 3 Class A	AAA (Stable) *19.11.2019*	Reaffirmed *24.09.2021*
Tranche 4 Class A	AAA (Stable) *7.09.2020*	Reaffirmed *26.04.2022*
Tranche 5 Class A	AAA (Stable) *25.11.2020*	Reaffirmed *26.04.2022*
Tranche 6 Class A	AAA (Stable) *8.07.2021*	Reaffirmed *26.04.2022*

Tranche	Initial Rating	Rating Action	Outcome
Tranche 1 Class B	AA2 (Stable) *27.03.2019*	AAA (Positive) *28.02.2020*; AAA (Stable) *26.02.2021*	Reaffirmed *26.04.2022*
Tranche 2 Class B	AA2 (Stable) *26.07.2019*	AAA (Stable) *24.09.2021*	Upgraded *from AA2 (Stable)*
Tranche 3 Class B	AA2 (Stable) *19.11.2019*	AA1 (Positive) *24.09.2021*	Upgraded *from AA2 (Stable)*
Tranche 4 Class B	AA2 (Stable) *7.09.2020*	AAA (Stable) *26.04.2022*	Upgraded *from AA2 (Stable)*
Tranche 5 Class B	AA2 (Stable) *25.11.2020*	AA2 (Positive) *26.04.2022*	Revised *from AA2 (Stable)*
Tranche 6 Class B	AA2 (Stable) *8.07.2021*		Reaffirmed *26.04.2022*

Management Discussion and Analysis

ADA's Sukuk Programme Rating Review:

Tranche 1 Class A AAA (Stable) *21.06.2016*			**Reaffirmed** *24.09.2021*
Tranche 2 Class A AAA (Stable) *29.09.2016*			**Reaffirmed** *24.09.2021*
Tranche 3 Class A AAA (Stable) *29.03.2017*			**Reaffirmed** *26.04.2022*
Tranche 4 Class A AAA (Stable) *11.09.2017*			**Reaffirmed** *26.04.2022*
Tranche 5 Class A AAA (Stable) *16.03.2018*			**Reaffirmed** *26.04.2022*

Tranche 1 Class B AA3 (Stable) *21.06.2016*	**AA1 (Positive)** *7.08.2017*	**AAA (Stable)** *22.10.2018*	**Reaffirmed** *24.09.2021*
Tranche 2 Class B AA3 (Stable) *29.09.2016*	**AA2 (Positive)** *7.08.2017*	**AAA (Stable)** *22.10.2018*	**Reaffirmed** *24.09.2021*
Tranche 3 Class B AA3 (Stable) *29.03.2017*	**AA3 (Positive)** *15.12.2017*	**AAA (Stable)** *22.10.2018*	**Reaffirmed** *26.04.2022*
Tranche 4 Class B AA3 (Stable) *11.09.2017*		**AAA (Stable)** *22.10.2018*	**Reaffirmed** *26.04.2022*
Tranche 5 Class B AA3 (Stable) *16.03.2018*	**AA1 (Positive)** *22.10.2018*	**AAA (Stable)** *15.10.2019*	**Reaffirmed** *26.04.2022*

Management Discussion and Analysis

In addition to the above, the Group successfully sourced for new secured and unsecured banking facilities amounting to RM140.0 million and RM43.0 million respectively in tandem with its direction to broaden the choice of financiers.

The Group maintained a higher cash and cash equivalents balance of RM800.5 million as at 31 March 2022. Out of this amount, a total of RM647.6 million (FYE 2021: RM571.0 million) was in relation to deposits with licensed financial institutions. These deposits were mainly derived from collections remitted into sinking funds for future payments of sukuk principal and profit expense and managed by independent trustees of the Group's respective sukuk programmes. The deposits are placed with licensed financial institutions with proven track records and competitive placement rates.

Cash and Cash Equivalents RM'million

2022 : 800.5

2021 : 597.9

CAPITAL MANAGEMENT/INVESTMENTS

The Group practises effective capital management for the sustainability of our core business. In FYE 2022, the Group focused on maintaining a strong base as its capital management strategy, compliance with regulatory requirements and expectations of various stakeholders.

The leveraging of information technology has helped in smoothening out the deliveries to all stakeholders. In this aspect, the Group has allocated RM1.9 million and completed several initiatives in FYE 2022 as stated on Business Operations Review in this Management Discussion and Analysis.

The Group also engages external consultants for periodic penetration testing to mitigate the increased in cybersecurity risks and ascertain assurance level is accomplished with comprehensive safeguards. This complements the ongoing investments in technology upgrades and process automation, which are instrumental for the Group's future growth and sustainability while maintaining business buoyancy, particularly in disruptive times.

OUR PEOPLE

To us, people growth is synonymous with business growth. This reflects the Group's unwavering belief in employees as the most valuable asset and pillar of success.

The Group maintains constant efforts in cultivating and retaining its talent pool. In FYE 2022, the Group strengthened the employees' competencies through investing in talent management and leadership development programmes. The Group asserts that in an uncertain and frequently changing environment, its workforce crucially needs an agile mindset and equipped with the right skills and tools to thrive. As a matter of best practice, all employees are updated promptly on all relevant policies and procedures.

For further details about our people, please refer to Employment Management and Development section in Sustainability Statement that can be found in this Annual Report.

Management Discussion and Analysis

OUTLOOK FOR 2022/FYE 2023

According to the World Bank, global growth is expected to slow from 5.7% in 2021 to 2.9% in 2022, resulting from pent-up demand dissipates, normalised fiscal and monetary support across the world.

The pronounced slowdown is also amidst fresh threats from Russia-Ukraine military conflict, COVID-19 variants, labour market challenges, supply-chain constraints, rising inflation, debt and income inequality that could endanger recovery in emerging and developing economies.

As for Malaysia, Bank Negara Malaysia forecast for economic growth in 2022 is between 5.3% and 6.3% (2021: 3.1%). The projection is based on the anticipation of increasing international and domestic economic activities, improved exports and expanding vaccination rates. Moreover, increasing private sector consumption is expected to facilitate demand for domestic goods and services.

However, risks to the outlook will remain tilted to the downside due to a potential weaker-than-expected global growth, worsening supply chain disruptions and the emergence of vaccine-resistent COVID-19 variants of concerns.

Moving forward, the Group is prepared to face uncertainties and challenges that may arise as it continues with prudent costs management and close monitoring of collections. The Group will formulate sales and marketing initiatives to boost disbursement and capitalise on financing demand, creating value for customers and shareholders alike.

The Group is also mindful of its ESG commitments for business sustainability. Hence, it consistently calibrates its strategies and operations with ESG-related principles in mind, while also prioritising employees' health, safety and well-being.

Lastly, the Group will deploy technology to remain competitive and relevant. As value is increasingly being delivered through the digital economy, the Group will stay alert to innovations that can further improve its operations and deliveries.

Sustainability Statement

RCE Capital Berhad ("RCE" or "the Group") is pleased to present its Sustainability Statement ("Statement"), which provides comprehensive disclosure on the Group's performance in managing material Economic, Environmental and Social topics, its performance in creating and sustaining non-financial values and where possible, providing disclosures on how such performance impacts or influences enterprise value.

Enterprise value is defined as the total value of an organisation in terms of its present and future capabilities to generate and sustain cash flow, revenues and earnings over a short, medium and long term perspective.

This Statement has been approved by the Board of Directors ("the Board") on 30 May 2022 and covers the Group's sustainability disclosures for the financial year ended 31 March 2022 ("FYE 2022"). FYE 2022 covers the reporting period from 1 April 2021 to 31 March 2022.

On 22 June 2020, FTSE4Good Bursa Malaysia Index inducted RCE as a constituent into the Index. The inclusion reflects RCE's compliance with FTSE Russell's globally recognised standards. RCE has maintained its constituency in FTSE4Good Bursa Malaysia Index for three consecutive years.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that RCE has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE4Good

RCE was also accorded the highest grading band of four stars, represent companies that are in the top 25% among public listed companies in Malaysia by virtue of Environmental, Social and Governance ("ESG") performance.

Separately, RCE was included in Bursa Malaysia Securities Berhad ("Bursa") list of shariah compliant securities and FTSE4Good Bursa Malaysia Shariah Index on 26 November 2021 and 20 December 2021 respectively.

REPORTING SCOPE AND BOUNDARY

This Statement has been developed in accordance with the Bursa Main Market Listing Requirements and Sustainability Reporting Guide. Disclosures have been scoped as per the consolidated entity for financial reporting and statements.

Hence, information provided cover the primary operating entities of RCE Marketing Sdn Bhd Group of Companies, Mezzanine Enterprise Sdn Bhd, EXP Payment Sdn Bhd ("EXP") and RCE Factoring Sdn Bhd.

Other reporting frameworks applied or referenced, either partially or in full are as follows:

- FTSE4Good Bursa Malaysia Index;
- Task Force on Climate-Related Financial Disclosures; and
- United Nations Sustainability Development Goals.

Sustainability Statement

DATA ASSURANCE

All data and information have been sourced and verified internally across the Group. Financial data drawn from FYE 2022 audited financial statements have been assured by the Group's statutory auditors, Deloitte PLT.

APPROACH TO SUSTAINABILITY

The Group is committed to improving its ESG performance as the Board and Senior Management are of the view that sustainability is vital to the continued growth and progress of financial performance. Increasingly, environmental and social issues such as climate change, modern slavery and community inclusiveness are becoming intrinsically linked to revenue and earnings performance as well as cash flows and other financial values.

Given the connection between ESG and financial performance, the Board and Senior Management continue to pursue a well-defined sustainability framework. The framework identifies material ESG topics that are linked to financial and stakeholder value creation. It also identify methods and strategies to address these material topics.

The methods and strategies are supported by clearly defined quantitative and qualitative targets and goals. These goals and targets have been developed in collaboration with stakeholders and continue to be refined progressively through inputs from the same.

In November 2021, the ESG Initiatives webpage was incorporated into RCE's website. The webpage provides information on RCE's ongoing efforts to integrate a strategic sustainability focus into the Group's business model, processes and business activities.

Aligned with the fundamental principles of shariah-compliant financing, the Group's approach is founded on its responsibilities as a responsible financial services provider and its accountability to stakeholders. RCE believes that it is vital to integrate sustainability solutions into current strategy and business plans in order to sustain medium to long term value creation for stakeholders. The ESG initiatives can be accessed via RCE's website at https://www.rce.com.my/esg.php.

In providing committed and concerted leadership and guidance for the sustainability agenda which includes oversight of the sustainability framework, goals and targets, the Group continues to strengthen its existing governance structure. Further information on the governance structure is provided on page 27.

Sustainability Statement

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board oversees the Group's sustainability agenda and strategies as well as matters related to good corporate governance and corporate integrity like anti-corruption, code of conduct ("COC") and other aspects of good governance and behaviour at the workplace.

Specifically, matters of sustainability come under the purview of the Sustainability Management Committee ("SMART"), which is directed by the Chairman, Encik Shahman Azman.

Supporting SMART is the Sustainability Working Committee, which is tasked with identifying and assessing sustainability-related material topics and arising risks and opportunities, as well as developing strategies to mitigate impacts.

The Board and Management are committed to work closely with various stakeholders, to ascertain their specific concerns, criteria and ambitions and with that, to develop policies, protocols and internal controls to ensure these expectations are met. This is a continuous process across the Group.

To ensure business continuity for sustainable value creation for stakeholders, the Group:

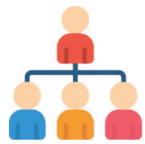
- Ensures all related business activities engaged in are consistent with our core values, taking into account sustainability and industry best practices;
- Complies with applicable laws and regulations and anti-corruption requirements;
- Adheres to global environmental standards;
- Understands the needs of existing and potential customers; and
- Ensures that all customers are treated fairly.

The Board and Senior Management leadership on ESG goals and targets

A key aspect of RCE's governance of sustainability is a high degree of ownership and accountability, achieved by the linking of performance evaluation of Senior Management to the Group's core values, which include sustainability strategies, priorities and targets. The sustainability-related key performance indicators are incorporated into the Group's annual appraisal exercise across the Group, including Senior Management as part of remuneration measurement.

Board of Directors

- Oversees and governs the Group's sustainability agenda and strategies



Sustainability Management Committee

- Oversees sustainability efforts and advises the Board on sustainability-related matters strategies

Sustainability Working Committee

- Identifies, assesses and manages related risks and opportunities strategies
- Implements and monitors sustainability initiatives with support from Green Warriorz and Wellness Teams

Internal risk assessment to review the effectiveness of established controls

Supporting the Board are various Board Committees. These Committees execute designated tasks and responsibilities as provided for in their respective terms of reference. Further information on the Board Committees are provided in the Corporate Governance Overview Statement on pages 57 to 70 of this Annual Report.

Sustainability Statement

STAKEHOLDER ENGAGEMENT

Stakeholder engagement remains a core facet of the Group's approach to sustainability as regular and timely engagement enable the Group to ascertain the need, concern and aspiration of stakeholder group and to include such views, where relevant in the assessment of material topics as well as in developing appropriate sustainability strategies and metrics.

Stakeholder engagement ensures that the Group remain inclusive in its approach to sustainability and continues to feel the pulse of its operating environment. In FYE 2022, RCE engaged nine major stakeholder groups utilising the following methods:

Business Partners

- Code of Conduct
- Formal and informal meetings
- Trainings/briefings
- Corporate website and Facebook

Frequency of Engagement:
Ongoing

Investors and Analysts

- Annual General Meeting[1]
- Corporate presentations[2]
- Investor relations briefings and roadshows[2]
- Financial statements[1]
- Corporate website[3]

Frequency of Engagement:
[1]Annually [2]Quarterly [3]Ongoing

Financiers

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

Frequency of Engagement:
Ongoing

Sales Team

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

Frequency of Engagement:
Ongoing

Employees

- On-boarding programmes
- Code of Conduct
- Policies and procedures
- Performance appraisals
- Training and development programmes
- Employees wellness

Frequency of Engagement:
Ongoing

Government and Regulators

- Disclosure and submission of information and compliance
- Trainings/briefings
- Website/media

Frequency of Engagement:
Ongoing

Customers

- Customer service online enquiries – through website/email/facebook/chatbot
- Customer service hotline
- Over-the-counter customer service

Frequency of Engagement:
Ongoing

Suppliers

- Code of Conduct
- Communication and transactions
- Meetings
- Conduct of due diligence

Frequency of Engagement:
Ongoing

Community

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

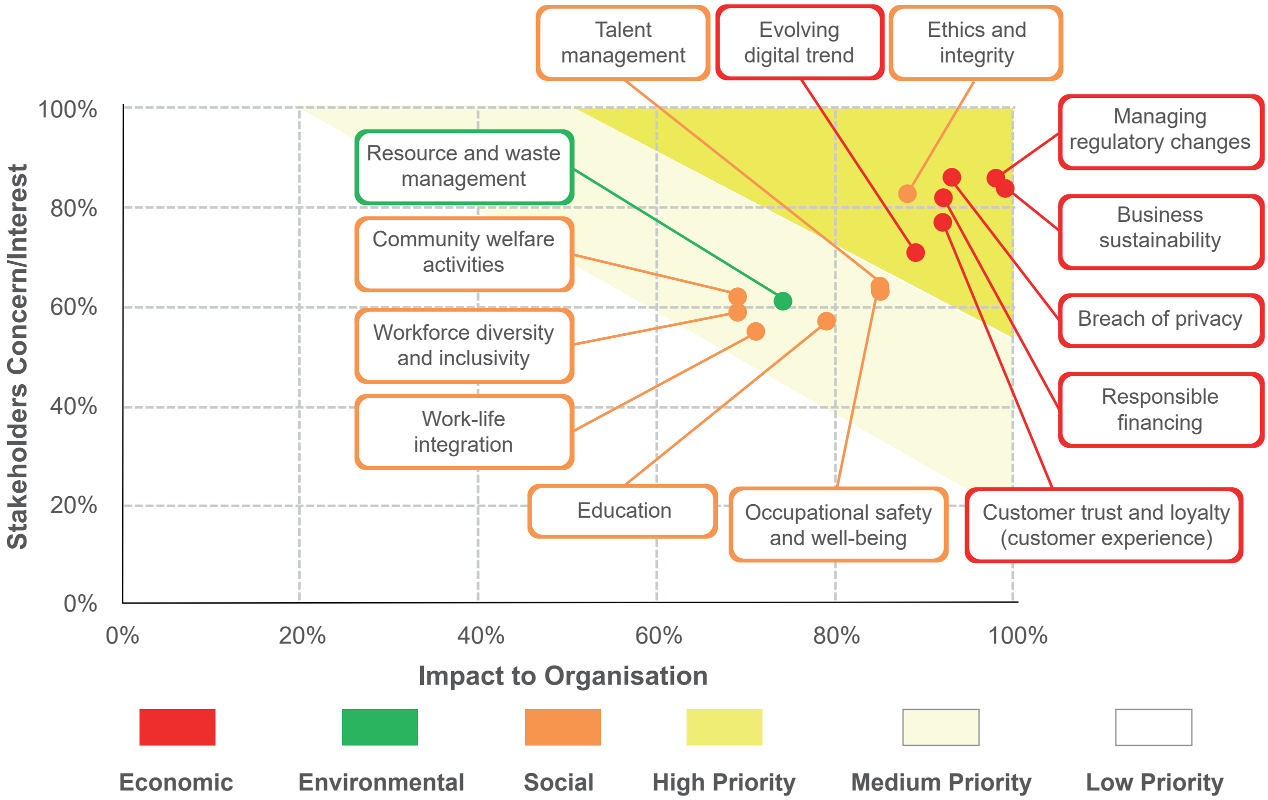
Frequency of Engagement:
Annually

Sustainability Statement

MATERIALITY ASSESSMENT AND PRIORITISATION

Materiality assessments are held every two years, where information is collected through surveys from selected participants. Analysis enables the Group to determine key risks and opportunities associated with material sustainability matters and to prioritise where to direct internal resources. With reference to Bursa's Sustainability Reporting Guide and Toolkits, the Group consolidated and plotted the survey responses accordingly on the materiality matrix.

The FYE 2022 materiality matrix underscore the most pertinent topics in terms of impact to enterprise value and impact/interest to stakeholders. All prioritised material sustainability matters are shown in the matrix below:



MATERIAL SUSTAINABILITY MATTERS

A. Economic

i. Corporate strategy
  - Business sustainability
  - Responsible financing

ii. Managing regulatory changes

iii. Evolving digital trend

iv. Customer trust and loyalty (customer experience)

v. Breach of privacy

B. Environmental

i. Resource and waste management

C. Social

i. Ethics and integrity

ii. Employment management and development
  - Talent management
  - Workforce diversity and inclusivity
  - Work-life integration
  - Occupational safety and well-being

iii. Community investment
  - Education
  - Community welfare activities

Sustainability Statement

A. ECONOMIC

i. Corporate Strategy

As a non-bank financial institution, the Group operates its core business under the provision of shariah-compliant financial services. To ensure a proficient shariah governance framework is in place, the Group engage independent shariah consultants to solicit advice pertaining to daily business operations, conduct trainings and undertake shariah related discussions with relevant stakeholders. Newsletters are distributed to all employees and Sales Team in order to familiarise and cultivate shariah based finance knowledge across all levels of talent.

Business Sustainability

During the financial year under review, the following efforts were implemented in order to maintain its competitive position as a shariah-compliant financier:

1. **Developing brand presence and online marketing with Business Partners ("BPs")**

   The image and value of an organisation are inextricably linked to its brand. Branding allows us to distinguish ourselves from the competition while also accentuating the uniqueness of our products and services. Products continue to be improved in tandem with market requirements, changing technologies and customer preferences.

   To strengthen the Group's online presence, campaigns are regularly run and promoted on BPs' websites and Facebook pages to connect with existing and prospective customers. Search Engine Optimisation through Facebook and Google to increase online visibility of business sites is also another method used.

   Apart from that, Sales Team continue to build on-ground presence through organised events aimed at increasing brand awareness and rewarding customers through cashbacks and lucky draws, while adhering to appropriate COVID-19 standard operating procedures.

Prize Giving Ceremony to three winners from campaign "Mohon Dan Menang"

   Through these initiatives, the Group aims to increase customer on-boarding, thereby expanding customer base, fortifying brand presence, improving the quality of experience and strengthening trust of the customers.

Sustainability Statement

A. ECONOMIC (CONT'D)

i. Corporate Strategy (Cont'd)

Business Sustainability (Cont'd)

2. Stable funding with prudent asset-liability management

Funding stability is critical to avoiding business disruptions. With this in mind, the Group seeks funding from a variety of sources, keeping in view of its asset-liability obligation.

The Group's RM2.00 billion Sukuk Murabahah Asset-Backed Securitisation Programme ("RM2.00 billion Sukuk Programme"), established in March 2019 through Zamarad Assets Berhad ("ZAB"), provides the Group with long term funding due to its perpetual programme tenure. Moreover, it enables the Group to minimise the risks associated with asset and liability mismatches by matching the period of cash flow generated from its underlying assets. To-date, the Group has issued seven tranches of Sukuk as follow:

		Subscription		
		External	Internal*	Amount
Tranche	Issuance Date	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
Utilised Amount		990.0	124.0	1,114.0
Unutilised Amount				886.0

** Internally subscribed by RCE Trading Sdn Bhd, an indirect subsidiary.*

Additionally, the RM2.00 billion Sukuk Programme have Revolving Option ("RO") feature that allows ZAB to purchase additional receivables from the originator, RCE Marketing Sdn Bhd ("RCEM") by utilising its excess funds from the sinking funds. The proceeds obtained by RCEM can then be used to generate new disbursement.

On 8 July 2021, the RO feature was activated for the sixth tranche with an issuance size of RM124.0 million, followed by the seventh tranche of RM255.0 million on 28 March 2022. This RO feature subsequently won an award "Most Innovative Islamic Finance Deal Of The Year & Best Islamic Finance Deal Of The Year" by Alpha Southeast Asia 15th Annual Best Deal & Solution Awards 2021.

Sustainability Statement

A. ECONOMIC (CONT'D)

i. Corporate Strategy (Cont'd)

Business Sustainability (Cont'd)

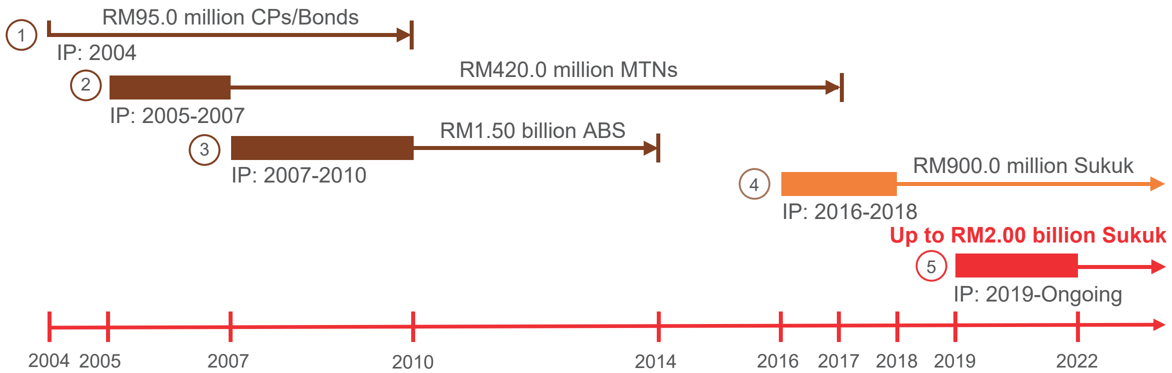
2. Stable funding with prudent asset-liability management (Cont'd)

In addition, the Group has established and maintained a track record of redeeming all prior private debt securities programmes early or in full:

DEBT MARKET FUNDING

1. RCE Premier	2. RCE Advance	3. Tresor Assets	4. Al Dzahab Assets	5. Zamarad Assets
RM95.0 million CPs/Bonds	**RM420.0 million MTNs**	**RM1.50 billion ABS**	**RM900.0 million ABS Sukuk**	**Up to RM2.00 billion ABS Sukuk**
MARC: A	MARC: A+	RAM: AAA	RAM: AAA	RAM: AAA & AA2
October 2004	*December 2005*	*November 2007*	*March 2016*	*March 2019*
REDEEMED **Fully Redeemed** October 2010	REDEEMED **Fully Redeemed** March 2017	EARLY REDEEMED **Early Redeemed** September 2014	**Fully Issued** March 2018	**7th Issuance** March 2022
6.31% - 8.56%	7.81%	6.47%	5.51%	4.33%

Note: The above rates represent all-in cost.



CP	=	*Commercial Paper*	*MARC*	=	*Malaysian Rating Corporation Berhad*
MTN	=	*Medium Term Note*	*RAM*	=	*RAM Rating Services Berhad*
ABS	=	*Asset-Backed Securities*	*IP*	=	*Issuance Period*

The Group has also access to banking facilities, such as term financing and revolving credit. During the financial year, new clean financing facilities were secured to support the growth of the Group and broadening the choice of its financiers.

As at 31 March 2022, the Group's financing liabilities increased to RM1.80 billion from RM1.67 billion a year ago. The increase by RM133.4 million was primarily due to issuance of two tranches of sukuk amounting to RM310.0 million, offset with RM190.0 million sukuk redemptions upon maturity.

Sustainability Statement

A. ECONOMIC (CONT'D)

i. Corporate Strategy (Cont'd)

Business Sustainability (Cont'd)

3. Robust collections management infrastructure for a smooth revenue stream

An organisation's cash flow is its lifeblood, more so for a financial services provider.

Consistent cash flows and sufficient cash reserve is vital for the effective provision of financial services and day-to-day operations. A sufficient cash position also supports business development and growth plans, enabling the Group to take advantage of low interest environments to pay off debt obligations or to capitalise on business opportunities. In essence, cash and cash flow supports flexibility in business strategies and a quicker response to market opportunities.

Throughout FYE 2022, the Group has maintained ample liquidity and has continued to see sufficient cash flows through timely repayments. The Group's prudent approach to financing through shariah as well as other measures implemented including a robust collection mechanism, has enabled it to ensure sufficient cash flows.

Thorough checks and screening of applicants have also further pared down the risks of defaults. This is supplemented by the use of credit scoring model and internal control measures, including documenting the purpose of financing in order to ensure that all financing granted are in accordance with shariah principles.

To closely monitor the performance of customers' accounts and collections, the Group's BPs engage two collection management service providers:

- EXP, a wholly-owned subsidiary of RCE; and
- Biro Perkhidmatan Angkasa.

These collection management service providers execute salary deductions, ensuring that the maximum deductions permitted by employers and regulators are not breached. Monthly repayments are monitored following the booking and activation of the salary deduction in accordance with stipulated timelines and stringent procedures.

The collection system identifies disruptions in the salary deduction automatically, allowing for the identification and classification of accounts in arrears or non-performing accounts.

Subsequently, Recovery Team initiates prompt collection efforts on customers who have defaulted on their obligation. Actions carried out include contacting customers and their employers, delivering reminders and transferring non-performing accounts to collection agencies. Legal action is only initiated as a last resort measure against defaulters.

4. Internal risk assessment to review the effectiveness of established controls

The Risk Management Committee ("RMC") is guided by the Committee of Sponsoring Organisations Enterprise Risk Management Framework, which is incorporated with strategy and performance in managing risks across the Group. It is responsible for ensuring management executes the implemented corrective action plans within stipulated timelines to remedy detected weaknesses. The RMC primarily monitors and manages risk exposure while reporting to Audit Committee ("AC").

Sustainability Statement

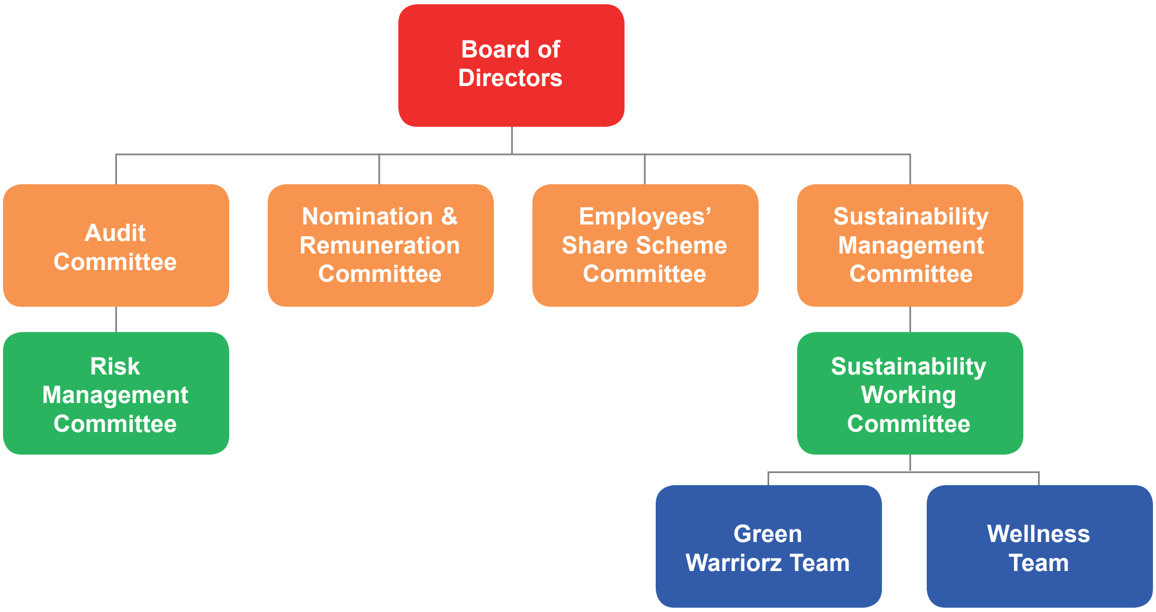
A. ECONOMIC (CONT'D)

i. Corporate Strategy (Cont'd)

Business Sustainability (Cont'd)

4. Internal risk assessment to review the effectiveness of established controls (Cont'd)

The chart below depicts the Board Committees' structure:



Both the Sustainability Management and Working Committees employ a sustainability framework guided by Bursa Sustainability Reporting Guide. The Group has implemented a two-pronged approach to risk management:

- Identification, evaluation and mitigation of key risks, including environmental, social and governance risks as part of the decision-making process; and
- Day-to-day operational risk management.

During the financial year, keys risks reviewed by the Group include:

- Credit;
- Technology and cyber;
- Liquidity and cash flow;
- Reputational;
- Strategic;
- Regulatory and compliance;
- Corruption; and
- Operational.

The Compliance, Operations and Methods Team ("COM") conducts compliance and process improvement reviews on a regular basis. Policies and procedures ("P&P") are created, improved and evaluated on a regular basis to ensure that controls are relevant and effective. Departmental Heads conduct control self-assessments on a biannual basis to identify and update if the existing risk profiles and controls are still relevant and effective.

Sustainability Statement

A. ECONOMIC (CONT'D)

i. Corporate Strategy (Cont'd)

Business Sustainability (Cont'd)

5. Business Continuity Management ("BCM") to build resilience against unfavourable events

Learning from the experience of the various Movement Control Order ("MCO") phases implemented to curb the spread of COVID-19 infections, the Group continues to refine and strengthen its BCM plan. The purpose of this is to ensure continued business operations in the face of disruptions caused by external circumstances.

The followings are characteristics of the BCM:

- Risk evaluation and business impact analysis on affected department(s);
- Business continuity plan ("BCP") for conducting operations during disruptions inclusive of work from home arrangements;
- P&P defining scope and reach of BCM;
- BCM Incident and Recovery Management Team initiated BCM processes before, during and after the crisis;
- Key designated personnel in each department responsible for implementing BCM procedures;
- Business continuity site and backup infrastructure for conducting operations in the event where physical premises is compromised;
- Adoption of P&P to provide safety measures and operational guide; and
- Testing of BCP, including regular penetration tests to identify security vulnerabilities.

Throughout the MCO phases, the Group supplied its Recovery, Credit and Customer Service Teams with softphone technologies that enable them to perform, receive and record calls while working remotely.

Virtual meeting rooms, internet leased lines and virtual private network access were implemented to facilitate operational efficiency. Additionally, a Virtual Desktop Infrastructure was deployed as a backup to ensure back-end activities remain uninterrupted.

Apart from the above, review of disaster recovery data centre was carried out and prompted a relocation to a strategic location equipped with internal service, availability of uninterrupted power supply with optimum temperature and humidity conditions, including round-the-clock multi-layered security.

Following the MCO phases, the Group adhered to the government's recommencement guidelines while carrying out daily operations. With these experiences, the Group continue to improvise, ensuring that remedial actions are taken to bridge gaps and to appropriately respond to unexpected scenarios.

Responsible Financing

As a progressive shariah-compliant financier, the Group is committed to responsible financing and fair treatment for customers. Customers must be treated equally and fairly. This includes offering products tailored to customers' needs and resolving complaints as swiftly as possible.

The goal is to preserve clarity, transparency and a cautious management of customer data in all operational aspects. Thus, all product details and how customer data are processed, used and stored are explained clearly to customers. The customer verification process is documented for future reference and service improvement. All transactions can only proceed with customer consent provided.

The Group's responsible financing approach sees it reaching out to customers through educational articles, providing information on financial literacy towards developing more informed and empowered customers, who can make better financing decisions. Such articles and information are published on the Group's website as well as the websites of marketing partners at https://www.as-sidq.com and https://ringgitplus.com.

Sustainability Statement

A. ECONOMIC (CONT'D)

i. Corporate Strategy (Cont'd)

Responsible Financing (Cont'd)

To guarantee ethical business practices are adhered to at all levels, trainings are provided to Sales Team to ensure they conduct business practices professionally. Due to the various MCO phases, training sessions were all conducted online via a digital active learning platform.

Educational Articles in Social Media Per Post

2022	7.0
2021	1.0
2020	4.0

Sales Team Training Participation Rate %

2022	100.0
2021	88.8
2020	98.0

ii. Managing Regulatory Changes

The Group recognises that regulatory non-compliance could jeopardise its credibility as a premier provider of financial services. As such, the Group is committed to maintaining exemplary governance standards by ensuring P&P are reviewed and updated on a regular basis.

One of the key focus areas on good governance and regulatory compliance is employee awareness. There is constant reinforcement through employee engagement and communication to instil a culture of vigilance, ensuring that all employees adhere to relevant guidelines, regulations and industry practices that safeguard the Group's interests.

Claims of Non-compliance

	RM	Number of Cases
2022	177	1
2021	NIL	NIL
2020	10,339	2

In FYE 2022, there was an one-off resolved incident of non-compliance in relation to late payment of service tax due to administrative delay. The Group has zero incidents of non-compliance with applicable laws and regulations beside the aforementioned late payment of service tax.

iii. Evolving Digital Trend

The Group recognises the significance of the digital economy in the financial services industry and has looked to capitalise on technology to deliver increased operational efficiency, expand market reach and enhance customer experiences.

During the financial year, the Group deployed several process automations such as digital verification of customer's identity and sign off to reduce duration of financing applications from days to just hours enabled by artificial intelligence that validates the legitimacy of potential customers in real time. This allows quicker response time and a more seamless customer experience.

Sustainability Statement

A. ECONOMIC (CONT'D)

iii. Evolving Digital Trend (Cont'd)

External consultants are engaged to conduct periodic penetration testing to provide a certain level of assurance that cyber security is intact. The Group has also outsourced Information Technology ("IT") audit for two consecutive financial years since FYE 2021 to ensure assurance level is met in view of increasing sophistication in IT technical and cyber security threats.

iv. Customer Trust and Loyalty (Customer Experience)

The Group is committed to meeting and exceeding customer expectations as reflected in its "Customer For Life" philosophy.

To ensure the highest quality of customer service, the Group pledges to respond to customers' inquiries promptly.

In FYE 2022, customer enquiries were attended to through various electronic platforms and social media, including Facebook pages and LinkedIn for business collaborations. However, face-to-face channels have been established for customers who prefer to speak with Customer Service Specialists, with strict physical distance maintained.

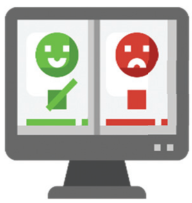
Throughout the various phases of MCO, customer expectations were managed through constant updates on online mediums such as notices on BPs' websites and Facebook pages as well as using automated notifications on the interactive voice response system.

Two-way communication were also emphasised with customers being able to engage with our Customer Service Specialists through email, Facebook messages and phone calls.

Existing customer assistance tools have been enhanced with the addition of a chatbot, which was released since March 2021. Customers received immediate responses to general inquiries via the virtual chat assistance.

In FYE 2022, the Group saw a drop in customer complaints by 66.7% from previous financial year (FYE 2021: 21 complaints) and will continue to leverage on innovative solutions to improve customer satisfaction, trust and loyalty.

Complaints Received & Resolved Number of Cases



2022 : 7

2021 : 21

2020 : 31

v. Breach of Privacy

The Group monitors and protects all stakeholders' personal information in compliance with Personal Data Protection Act 2010 ("PDPA"). The Group maintains a zero-tolerance stance to any breaches of privacy. We value customers' trust and are committed to safeguarding their privacy during the collection, storage and handling of their personal data and information.

Sustainability Statement

A. ECONOMIC (CONT'D)

v. Breach of Privacy (Cont'd)

With this, the Group has adopted the following preventive measures:

- Disclosure of Privacy Notice online at www.rce.com.my;
- Compulsory briefings on PDPA requirements for all new recruits during the employee on-boarding programmes;
- An IT Policy handbook to provide guidance on good security practices in password management and handling of information or equipment;
- Enforcing Information Security Policy to limit user access, maintain privacy and confidential information on a need-to-know basis, data retention and disposal management;
- An information security incident response procedure to manage any security incidents;
- A Backup Policy that outlines the procedures required for any backup media to be completely reformatted and destroyed before disposal; and
- Execution of third-party service provider agreements on non-disclosure prior to providing any non-publicly available information, especially customers' personal data.

The Group is constantly reviewing, updating and investing in applications, software and equipment to mitigate the risk of a breach and strengthen cyber security.

The Group hires cyber security professionals, whose company is accredited with multiple international certifications, to conduct penetration testing on systems in use. To-date, the Group's overall investment in data security infrastructure amounted to RM462,200.

The Group reports zero incidents of data leaks, theft, or losses of customer data for the third consecutive year. There were no complaints received from outside parties and regulators bodies on any breach of customer privacy and losses of customers' data.

Investment on Data Security Infrastructure RM'000

2022 : 462.2

2021 : 335.7

2020 : 113.4

B. ENVIRONMENTAL

Commitment to Climate Change

The Group's commitment to climate change is in line with increasing responsibility to address sustainability-related risks and to sustain medium to long term value creation for stakeholders.

We recognise climate change as a global issue that necessitates the collective action of all parties, particularly corporations, in order to recognise the 2-degree scenario and attain the other goals outlined at the 26th United Nations Climate Change Conference ("COP26") in Glasgow, Scotland.

One of the primary strategic thrusts of the latest COP26 directives is mobile financing. As a financial services provider, the Group is exploring the viability of utilising its business model to motivate existing and prospective customers to take greater action on climate change.

The Group has since monitored its energy consumption and carbon emissions performance, which will serve as a catalyst for identifying energy savings and opportunities for Renewable Energy ("RE").

While the Group's business model does not require extensive energy consumption or emissions, the Group believes that it can play a strategic role in fostering awareness and empowering action among employees, customers and other stakeholders.

Sustainability Statement

B. ENVIRONMENTAL (CONT'D)

Commitment to Climate Change (Cont'd)

In addition, our commitment to addressing climate change is also based on the following:

- United Nations Sustainable Development Goal 13: Climate Action;
- Bank Negara Malaysia: Climate Change and Principle-based Taxonomy;
- Global Compact Malaysia (MyClimateAction Guide); and
- Malaysian Government's National Policy on Climate Change.

The Group is cognisant of the growing threat of climate change and its ensuing impacts on the environment, communities and countries. The Group's strategic position as a financial services provider enables it to harness its influence to drive customers and stakeholders to become more energy efficient and adopt RE.

Climate Change Risks and Opportunities

Presently, the Group has identified the following risks in relation to climate change:

Risks	Identified (Potential) Impacts
1. Reputational Risks	The fast-changing regulatory environment and growing investor pressure on organisations may catch out many organisations who are unable to keep pace with the changes. This may lead to RCE being excluded from ESG based market indices such as the FTSE4Good Index. Such exclusions would affect investor perception, especially institutional investors towards the Group.
2. Transitional Risks	The transition to RE for example may require significant capital expenditure and there remains implementation risks, which could lead to failure to deploy or reduced Return on Investment or efficiency. A comprehensive strategic plan is required to drive transition and the Group presently may not have the internal expertise to undertake such planning.
3. Physical Risks	Extreme weather events such as flood, drought and rising temperature could cause significant disruptions to business operations while also incurring repair and rectification costs. Costs for compensating employees for injuries or monetary loss, as well as rising insurance premiums may erode earnings.

In identifying these risks, the Group is in a more informed position to develop the most effective approach to achieve climate change resilience and adaptation. The Group is presently developing suitable models to effectively assess the potential cost of climate change to its operations. Cost is defined as increasing capital and operational expenditures necessitated by climate change as well as impacts to revenues and earnings.

The Group acknowledges that these risks may change over time. Therefore, risk analysis shall be undertaken as and when there is a material change in business model and/or operations.

Climate Change Related Strategies

The Board and Senior Management's vision is to develop business towards achieving a low carbon future and ensuring resilience and adaptation against the climate related risk and opportunities. This includes the eventual establishment of key performance indicators ("KPIs") and targets to track and measure performance over time.

Sustainability Statement

B. ENVIRONMENTAL (CONT'D)

Climate Change Related Strategies (Cont'd)

Other strategic measures that have, or will be implemented include:

- Fostering a sustainability-related organisational culture and mindset within the organisation.
- Development of sustainability-related expertise and professionals within the organisation to drive the realisation of the Group's sustainability agenda.
- Undertaking a comprehensive assessment of the business value chain from start to end towards identifying sustainability risks and opportunities. This includes assessing relationships and interactions with BPs and customers.
- Collaborating with external consultants such as Sustainability Guidance and Advisory firms to upskill employees and develop necessary internal knowledge and competencies.
- Measuring and monitoring Scopes 1 (fuel) and 2 (electricity) consumption and emissions.
- Tapping on the 3R approach of Reduce, Reuse and Recycle for a sustainable future as natural resources are finite.

The Group will continue to strengthen and refine its approach to driving climate action across the Group and with its stakeholders in the future. It will continue to focus on reducing carbon emissions by focusing on energy consumption, waste and transportation emissions. This involves setting energy and carbon reduction targets for operations as well as customer specific objectives.

Membership in Associations

On 1 July 2021, RCE became Corporate Friends of Climate Governance Malaysia ("CGM"), the Malaysian chapter of the World Economic Forum's Climate Governance Initiative. This complements ongoing efforts to manage resources, reduce ecological footprint and adapt to climate change, while also enhancing sustainability reporting and value generation.

CLIMATE GOVERNANCE MALAYSIA

The Group has collaborated with CGM and other organisations such as Free Tree Society in order to explore innovative strategies for accelerating effective climate change action. The Group hosted environmental talk on 2 November 2021, titled "The Reality of Climate Crisis and Ways to Realign Business" to raise awareness on the critical nature of climate change within the workplace.

Energy Management

In FYE 2022, the Group achieved a 3.2% percent reduction in electricity consumption per square foot while the office space increased by 30% since FYE 2020. This reduction is attributed to the widespread use of energy efficient lighting, fewer physical meetings and training sessions as well as decreased computer usage as a result of fewer employees in the office.

The reduction in electricity augurs well for the Group's aspiration to reduce environmental footprint, in particular carbon emissions. The Group presently measures emissions based on Scope 1 emissions which are derived from direct energy consumption. Meanwhile, Scope 2 emissions are derived from indirect energy consumption.

Sustainability Statement

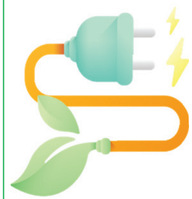
B. ENVIRONMENTAL (CONT'D)

Energy Management (Cont'd)

Scope 1 is fully from the fuel consumption of the Group's corporate vehicles. Whilst 95% of Scope 2, electricity consumption is from the Group's office located in Kuala Lumpur and Sarawak Service Centre accounted for 5% of these emissions for FYE 2022.

Fuel Consumption Litres (Scope 1)

2022	:	**8,096.0**
2021	:	8,353.0
2020	:	11,305.0

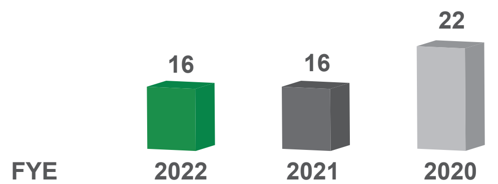


Electricity Consumption kWh (Scope 2)

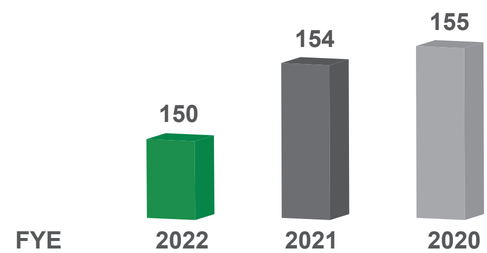
2022	:	**261,944.0**
2021	:	268,643.0
2020	:	270,102.0

Energy and carbon emissions performance has been published on RCE website and monitored in an effort to mitigate the effects of climate change. Continued implementation of existing initiatives and technologies, especially retro-fitting LED lighting is likely to maintain the current downward trend in energy consumption.

Emissions in CO_2eq tonnes from Fuel (Scope 1)



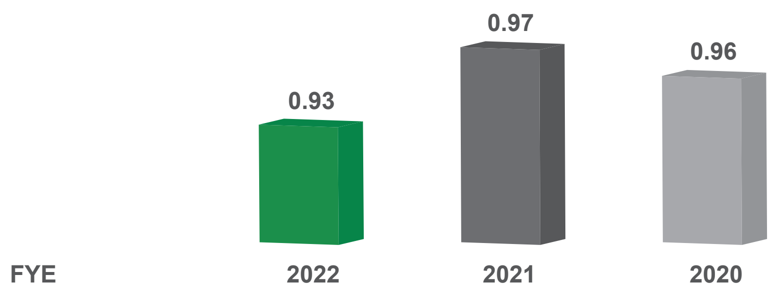
Emissions in CO_2eq tonnes from Electricity (Scope 2)



Scopes 1 and 2 emissions reported above are in adherence with greenhouse gases protocol, based on the operational control approach.

Following the above, the total Scopes 1 and 2 emissions per employee has declined as shown below:

Total Scopes 1 and 2 Emissions in CO_2eq tonnes per Employee



Sustainability Statement

B. ENVIRONMENTAL (CONT'D)

i. Resource and Waste Management

The Group's daily operations are constantly being improved through effective resource management. This encompasses paper, electricity, corporate vehicles fuel consumption and e-waste reduction. These conservation efforts help to mitigate the effects of climate change by reducing carbon emissions. Carbon emissions from electricity generation and corporate vehicles are regularly monitored.

Additionally, the Group remains engaged in a variety of environmental conservation initiatives, such as the following:

- Implementing recycling systems for supplies, equipment and furniture to minimise wastage;
- Initiating an e-waste collection to promote proper disposal of used and/or unwanted electronic devices;
- Offering pre-loved office furniture to employees for bidding at the minimum costs;
- Eliminating unnecessary paper usage and maximising electronic communication;
- Reducing or eliminating single-use items and non-biodegradable plastics;
- Providing insulated lunch boxes to all employees in order to reduce reliance on disposable plastic packaging and to encourage the use of reusable bags and cutlery;
- Donating old clothes and shoes to reduce waste; and
- Educating employees on environmentally responsible behaviour within and outside the workplace.

Employee Volunteerism – Green Warriorz Team

To foster environmental awareness, the Group encourage employees to contribute actively to the Group's green organisational culture through the Green Warriorz Team. The aim of this team is to raise environmental awareness, promote green initiatives and encourage employees to adopt environmentally friendly lifestyles.

Periodic emails and environmental awareness newsletters are distributed on a weekly basis to educate employees on reducing resource consumption, waste and energy conservation recommendations. These include unplugging unused electronics and minimising "paper footprint" by advocating paperless practices through various methods. Additionally, this team promotes environmental awareness through initiatives such as encouraging employees to use their own containers for take-out meals.

Along these, additional green initiatives are in place to ensure organisational objectives are achieved as follows:

Paper Reduction

The Group is pleased to report that paper waste has decreased significantly since FYE 2019 upon implementation of the lock-print. The "Think Before You Print" motto encourages employees to use recycled paper and double sided printing for reports and worksheets.

Every email includes the phrase "GO GREEN. Go paperless" to remind employees of the initiative. Moreover, colour printing is discouraged unless absolutely essential. The resulting achievement was 30.2% decrease in paper consumption per headcount in FYE 2022, owing in part to the work from home arrangement.

Aside from that, the filtration of recycled papers is also used to prevent the leakage of private and confidential information, such as customers' personal data and information.

B. *ENVIRONMENTAL (CONT'D)*

i. Resource and Waste Management (Cont'd)

Paper Reduction (Cont'd)

The Group also promotes paperless initiative to stakeholders by encouraging them to access Annual Reports online, which helps us minimise carbon emissions associated with the distribution process.

Paper Utilisation Per Headcount '000 Pieces

2022 : 3.7

2021 : 5.3
2020 : 6.0

Paper Utilisation Per Kg '000

2022 : 49.2

2021 : 70.8
2020 : 88.1

During FYE 2022, new practices were also implemented, including the following:

- New hires receive a paperless welcome kit/manual via email upon their arrival;
- Training materials that are published to the intranet; and
- Implementation of electronic forms ("e-forms") on 8 April 2021, which converts all hard copy forms to electronic with soft copy support. To-date, at least 17 forms have been converted to electronic and employees now can seamlessly access the system and apply.

Reusable face masks and facial recognition temperature panels

Employees are periodically supplied with reusable antimicrobial fabric masks and face shields as an alternative to disposable face masks. Also, facial recognition temperature panels for daily temperature checks were installed in order to decrease battery consumption associated with thermometer use.

Fabric masks and face shields provided to employees

Sustainability Statement

B. ENVIRONMENTAL (CONT'D)

i. Resource and Waste Management (Cont'd)

E-Waste Management

Proper disposal of e-waste continues to be a key component of the Group's environmental conservation efforts. Employees are encouraged to recycle unwanted electronic gadgets and batteries by disposing them in designated containers located on office floors.

The collected e-waste is subsequently transported to recycling facilities, which serve as the principal treatment point for domestic e-waste, ensuring safety, pollution control and environmentally sound recycling.

The Group recognises that improper disposal of used electronic devices is damaging to both human health and the environment as the World Health Organisation reports that health risks can arise from direct contact with toxic compounds leached from e-waste. Likewise, employees are aware of the environmental hazards associated with incorrect e-waste disposal, including the effects on water, soil, air, land and sea species.

In FYE 2022, the Group collected 98.6kg of e-waste:

E-waste Collection Kg

2022 : 98.6

2021 : 46.9
2020 : 3.0

Drop off of e-waste at recycling centre

The increase in collection was credited to the Green Warriorz Team's efforts through promoting and raising awareness about proper e-waste disposal.

Old Clothes and Shoes Donation

In FYE 2022, a new initiative was introduced where the Group collected employees' old clothes and shoes to encourage reduced textile waste while helping people in need.

Employees are informed about their clothing's environmental footprint and encouraged to recycle rather than discard. The Group believes that individuals who are aware of how their actions affect or benefit the earth are more inclined to make environmentally conscientious choices.

With this, the Group is pleased to inform that 223.8kg of old clothes and shoes were collected.

Employees with old clothes and shoes at recycling box

Sustainability Statement

C. *SOCIAL*

i. Ethics and Integrity

The Group is committed to preserving the highest ethical and integrity standards across its operations. Corporate governance based on the principles of highest level of transparency, openness and accountability, is a prerequisite for long term value creation and business success.

Consequently, the Board communicates its tone to all employees through a variety of channels, including the Group's COC. The COC focuses on ethical and responsible corporate conduct and address the following areas:

- Compliance with applicable laws, regulations and Anti-Bribery and Corruption ("ABC") Policy;
- Conflict of interest;
- Anti-trust and fair competition;
- Confidential information;
- Insider trading; and
- Anti-money laundering and anti-terrorism financing.

The COC also explicitly define behaviour standards and policies when it comes to accepting any sort of gift or hospitality and prohibits improper payments, charitable and political contributions. Political donation is strictly prohibited, unless permitted by laws and approved by the Board.

This is also in accordance with ABC policy guided by TRUST principles, which is reviewed every three years in accordance with Bursa's Main Market Listing Requirements.

Assessment on the ABC policy is carried out by COM annually or as and when necessary to ensure existing internal controls and measures remain relevant to the Group's business.

Annually, all employees receive training covering anti-corruption, anti-money laundering and anti-terrorism financing, personal data protection and more. Likewise, new hires are required to attend these self-training sessions within the first week upon joining. This reflects our commitment to upholding the highest ethical standards and fostering an environment free of unethical or unlawful behaviour, where employees are encouraged to voice their concerns without fear of punishment.

Whistleblowing

Whistleblowing is a critical component in every organisation as it aids in preventing, deterring and detecting fraud when it occurs. It reduces the Group's susceptibility to fraud by enabling earlier detection which in turn saving costs.

The Group regularly refines its Whistleblowing Policy in order to provide a channel for the employees and members of the public to report any suspected wrongdoing. This encompasses misconduct such as fraud, corruption, bribery, extortion, criminal offences or malpractice that violates legal or regulatory requirements, miscarriage of justice, endangerment of an individual's health or safety and any other unethical or inappropriate behaviour.

The whistleblowing mechanism is administered by the Internal Audit Function and overseen by AC. Whistleblowing platforms are available via hotlines and corporate website. No employee was reprimanded or dismissed and no third party service provider contract was terminated as a result of bribery or corruption violations in FYE 2022.

The Group has adopted a non-retaliation policy, which states that no employee will face adverse action for complaining, reporting, participating in, or assisting in the investigation of a suspected violation of its COC or applicable laws and regulations, unless the allegation made or information provided is found to be intentionally false or not made or provided in good faith. The Group treats all complaints with strict confidentiality. Allegations of retaliation will be investigated and if appropriate, disciplinary action, including termination will be implemented.

Sustainability Statement

C. SOCIAL (CONT'D)

i. Ethics and Integrity (Cont'd)

Employee Handbook

The Employee Handbook and P&P provide guidance on making ethical decisions. Employees access the Employee Handbook via RCE's intranet at their convenience and are required to sign a letter of undertaking to pledge their compliance with applicable laws and regulations, including but not limited to Bursa's Main Market Listing Requirements, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, Malaysia Anti-Corruption Commission Act 2009 and PDPA.

Extension of COC to the Supply Chain

Prior to employing any third party service providers, a risk assessment will be conducted comprehensively. This includes conducting due diligence and credit checks on the third party service providers' company and profile. These controls are recorded in the relevant P&P, which provides detailed guidance.

Corruption, bribery, fraud and facilitation payments are recognised as "high risk" in the Group, therefore, it took extended precautions by bringing attention the COC to the Sales Team, vendors, suppliers, consultants, bankers and solicitors. The Group applies the following disciplinary actions against parties responsible for any violation, which include but not limited to:

- Issuance of warning letters;
- Disqualification from incentive programmes; and/or
- Termination of engagement or employment.

Charitable and Political Contributions

The Group's charitable contributions include patronage for education through the provision of study grant and other community welfare activities made in accordance with ethical standards and in compliance with applicable laws and regulations. For further details, please refer to pages 54 to 56 of this Statement.

Political donation is strictly prohibited, unless permitted by laws and approved by the Board.

However, the Group may participate in charitable or nation-building events organised by the government of the day or its ministries and agencies. The Group may also support corporate social responsibility ("CSR") events or programmes that could see the involvement of political parties or politicians.

There were no political contributions made by the Group during the financial year.

Commitment to Upholding Labour and Human Rights

The Group is committed to ensure its business operations comply with Malaysian Employment Act 1955 and all other relevant labour laws of Malaysia. Apart from that, we advocate free and fair labour practices and apply to the principle of equal pay for equal work. The Group is against all forms of mistreatment of employees and believe in safeguarding their rights.

C. SOCIAL (CONT'D)

ii. Employment Management and Development

The Group's greatest asset is its people. Thus, personnel management and development in placed are founded on four encompassing and holistic principles:

- Talent Management
- Workforce diversity and inclusivity
- Work-life integration
- Occupational safety and well-being

Talent Management

The Group views exceptional talent as crucial for business growth. Hence, we have established a talent management framework that incorporates set corporate goals and objectives. The framework provides for a strategic approach for recruiting, developing and retaining talent.

In essence, the Group supports the recruitment of local talents towards supporting nation building i.e. the development of a trained local talent pool, the creation of high-paying, knowledge based jobs that support improved incomes per capita for Malaysians and other socio-economic benefits.

Consistent with the new Minimum Wage Order 2022, which went into effect in May 2022, all confirmed employees have been paid wages that comply with or exceed the minimum wages stipulated under the act. Certain employees are entitled to fixed allowances in addition to their base salary.

Employees receive competitive compensation packages comprising salaries benchmarked against industry standards that also include a wide range of statutory and other benefits. Compensation is based on merit in accordance to the job experience, related qualifications and performance of the employee.

The Group strives to be a preferred employer by offering competitive remuneration and benefit packages such as Employees' Share Scheme, Financing Profit/Interest Subsidy, Fixed Allowances, Children's Education Achievement Incentive, Medical Benefits and Long Service Awards. Additionally, 90 days maternity leave was introduced for female employees since 2018.

The Group remains vigilant in ensuring that all employees are fairly compensated in compliance with Malaysian Employment Act 1955 and all other relevant labour laws of Malaysia.

Apart from that, the Group also provides a variety of learning opportunities and recognition programmes to ensure its employees are well-equipped with the necessary skills and development tools. This is consistent with the Group's philosophy of meritocracy and equitable opportunity for employees to learn and thrive.

Employee Recruitment

- The Group attracts potential candidates through advertising in job search websites, its corporate website, recruitment agencies, LinkedIn and/or employee referrals.
- Recruitment and selection processes are conducted in a fair and non-discriminatory manner.

Sustainability Statement

C. SOCIAL (CONT'D)

ii. Employment Management and Development (Cont'd)

Employee Development

- Mandatory self-training or briefing on key areas within first week of joining, providing them a quick guide to the way of working and P&P relevant for them to blend in with ease.
- Mandatory on-boarding sessions are conducted for all recruited employees, providing them a comprehensive understanding of the Group and helping them integrate into the organisation.
- On-the-job training is provided to all employees, helping them obtain hands-on knowledge.
- The Group nurture employees through a variety of training programmes focusing on soft skills, leadership development and regulatory compliance. Additionally, employees receive one-on-one coaching to help them develop their ability to lead, resolve issues and overcome adversity. The Group's mission is to support employees in realising their full potential.
- The Group promotes a culture of lifelong learning and encourages employees to enhance their skills or acquire new ones in order to stay current with market trends.
- The Group fosters a culture of knowledge sharing by encouraging employees to share their training materials and expertise with their colleagues. This involves the dissemination of technical, non-technical and regulatory training resources via the intranet.

In FYE 2022, investment into employee training increased by 290.1% as more virtual trainings were conducted during the financial year. Therefore, average number of training hours per employee is 24 hours, equivalent to 3 working days per employee. It has improved by 200.0% as compared to FYE 2021.

Training in FYE 2022 focused mainly on leadership development programme with a total of 70 sessions conducted for different groups of leaders within the Group. The purpose of the leadership development programme is to unlock employees' potential and maximise their job performance. It is to develop employees' capabilities and create the opportunity to see things with fresh perspective.

Investment in Employee Training RM'000

2022 : 353.4

2021 : 90.6
2020 : 380.2

Average Training Hours Per Employee

2022 : 24

2021 : 8
2020 : 40

Sustainability Statement

C. SOCIAL (CONT'D)

ii. Employment Management and Development (Cont'd)

Employee Development (Cont'd)

Trainings attended during FYE 2022 include but not limited to the followings:

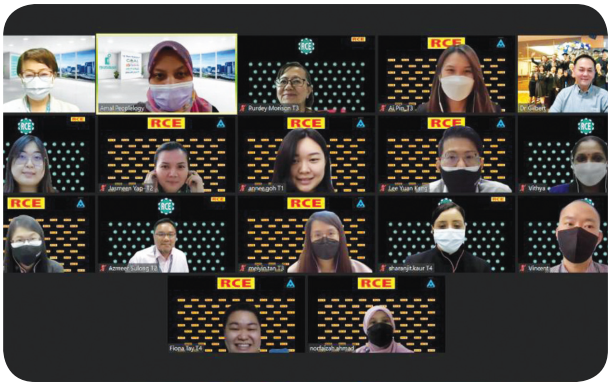
No.	Types	Title
1.	Leadership Development Programme	• Leadership Programme: Executive and Group Coaching • Coach Leader Development Programme: Executive and Group Coaching • Coach Leader Development Programme based on John Maxwell Principles: ➢ Module 1 : Application of Law Success in Coaching and Mentoring ➢ Module 2 : Leadership Gold and Executive Coaching Session ➢ Module 3 : Coaching and Mentoring for Accelerated Performance and Executive Coaching • Leadership Programme: Bring The 7 Habits to Life
2.	Regulatory/Technical Skills and Knowledge	• MIRA Webinar Complimentary Invitation – Sustainability Reporting: Ensuring Relevance to Financial Market • Webinar On Section 17A Corporate Liability for Corruption • Safety talk by Department of Occupational Safety and Health Malaysia: ➢ Understanding of Occupational Safety and Health Act 1994 ➢ Employer's and employee's responsibility and compliance to the OSHA Act • Conduct of Directors and Common Breaches of Listing Requirements • Legal Compliance on Employment Matters During COVID-19 Pandemic • Corporate Liability: S17A of The MACC Act – The Ultimate "Vaccine" For Corruption in Private Sector • Shareholder's Agreements: The Do's and Don'ts • Towards Employers' Readiness for LHDNM Tax Audit • CompTia Security+ • Management of Operational Risk in implementing Tawarruq Financing • Measuring and Managing Greenhouse Gas Emissions – Scope 1, 2 and selected Scope 3 • National Budget 2022 Review and Updates • Certified Information Security Manager • Share Buy-Back: A Regulatory Perspective • Perkongsian Mengenai Tatacara Penyediaan Notis Privasi • Managing Related Party Transactions

Sustainability Statement

C. SOCIAL (CONT'D)

ii. Employment Management and Development (Cont'd)

Employee Development (Cont'd)



Coach Leader Development Programme

Share Buy-Back: A Regulatory Perspective Training

Employee Retention

The Group regularly reviews its remuneration structure for employees as part of its overall approach to talent retention. Other aspects of retention include employee rewards and recognition for performance, training opportunities, encouraging work-life integration and more.

Excessive working hours are discouraged as focus remains on efficiency and productivity. Above all, the Group aims to recognise each employee's potential and aid them in realising their aspirations.

Overall Turnover Rate %

2022 : 19.3

2021 : 16.8

2020 : 14.9

Overall employee turnover rate was 19.3% in FYE 2022. 71% of employees resigned was for career advancement while 18% left due to family needs and responsibilities. The remaining 11% left owing to their own personal reasons. There were no termination of employees recorded during the financial year.

Workforce Diversity and Inclusivity

To remain current and competitive in the market, the Group believes in hiring candidates from a variety of backgrounds. The Group ensures equitable employment opportunities to all applicants, regardless of race, gender, religion, age, disability or sexual orientation. Workplace diversity fosters innovation, tolerance and improves performance.

As a result, the Group strives to attract and retain top talents from all walks of life by upholding equal opportunity and mutual respect in the workplace. The Group conforms to the principle of "equal pay for equal work" for both men and women, as guided by the Employment Act 1955.

Other efforts include employing and retaining two employees with special needs i.e. deaf and deaf-mute. They have worked in the Group for 14 and 15 years respectively, constituting 1.1% of current workforce.

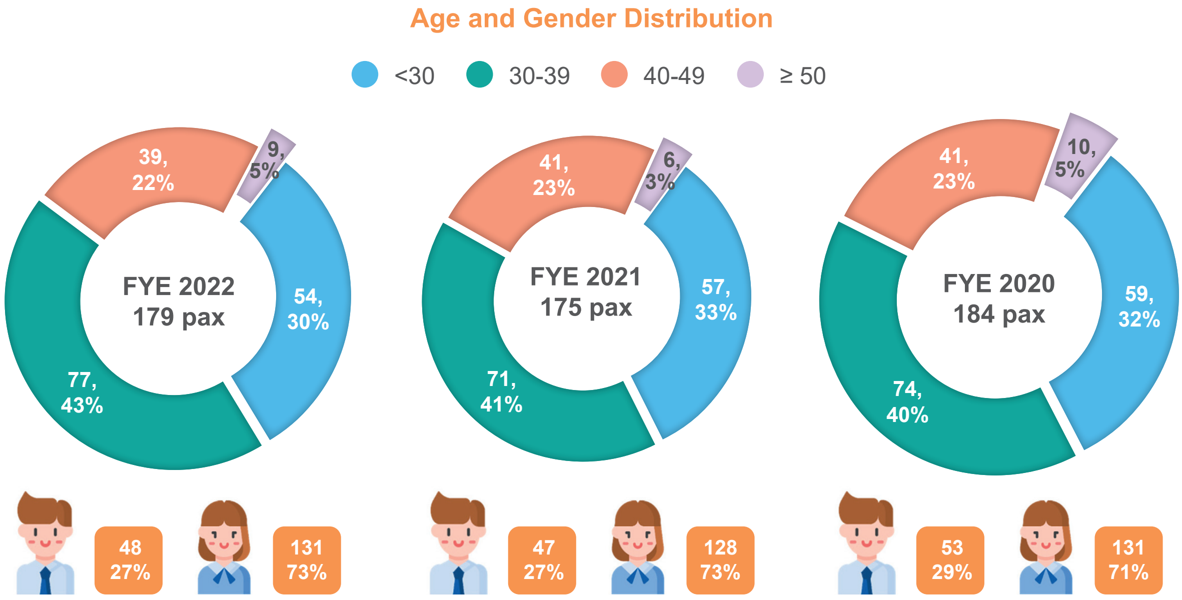
Sustainability Statement

C. SOCIAL (CONT'D)

ii. Employment Management and Development (Cont'd)

Workforce Diversity and Inclusivity (Cont'd)

The Group currently employs 179 Malaysian permanent employees with a manageable age and gender composition as indicated below. Whereas, 2 contract staffs were hired during the financial year, which represented 1.1% of current workforce. The Group is also pleased to confirm that there were no incidences of discrimination reported during FYE 2022.



The Group opposes to all forms of sexual harassment and acknowledges that sexual harassment is a form of discrimination and violates the dignity of individuals. The Group's Sexual Harassment Policy is in tandem with its core value that all employees should be treated with dignity and respect, with the vision that a safe, healthy and supportive work environment should be preserved.

The policy aims to safeguard all men and women in the organisation from unwanted sexual advances and to provide transparent compliant resolution mechanism for reporting incidents. Employees are to report any sexually inappropriate behaviour directly to the Human Resource ("HR") Unit or immediate superior. Sexual harassment policy is published on the Group's website at https://www.rce.com.my/esg.php. In FYE 2022, there were no such cases reported.

Work-life Integration

Work-life integration is fundamental for employees to achieve a rewarding and enriching career. The Group recognises the challenges employees face as a result of having to work from home and adjusting to new norms during the pandemic. As such, employees' physical and mental well-being are always the Group's primary concern.

Additionally, the Group encourages employees to speak up and share their perspectives to establish and foster a more positive work-life integration and experience.

Sustainability Statement

C. SOCIAL (CONT'D)

ii. Employment Management and Development (Cont'd)

Work-life Integration (Cont'd)

Apart from encouraging employees to communicate their concerns, the Group continues to engage them to foster relationships and instil a sense of belonging. The Group conducted the following employee engagement activities during FYE 2022:

- Sharing of monthly health topic to all employees via email;
- Encouraging employees active at walking and exercising through registration at the Activ@Work Challenge 2021, organised by PERKESO and BookDoc, with RCE's own promotion code;
- Completion of second and third doses of Gardasil 9 HPV Vaccination;
- COVID-19 Neutralising Antibody Test; and
- Batik painting workshop on Canvas Tote Bag.

Employee taking COVID-19 Neutralising Antibody Test

Employee receiving Gardasil 9 HPV vaccination

Employees at batik painting workshop

A variety of wellness sessions led by our Wellness Partner were held to help foster a healthy and safe working environment such as:

- COVID-19 Myths, Truths and Vaccination;
- Prevention – Strengthening Immunity for You and Family;
- Mental Health;
- Ergonomics – Work from Office and Home Exercise;
- Obesity and Your Heart: Importance of Nutrition or Healthy Eating; and
- Cancer: Detect and Diagnose.

Sustainability Statement

C. SOCIAL (CONT'D)

ii. Employment Management and Development (Cont'd)

Work-life Integration (Cont'd)

Additionally, the Group provided employees the opportunity to participate in a "Race to Fitness" Weight Management Programme, which was facilitated by qualified nutritionists and aimed to assist participants in regaining control of their weight. The programme ran for four months, from 1 June to 30 September 2021 and concluded on 4 January 2022.

Occupational Safety and Well-being

Employees' workplace health and safety have always been a primary concern. The Group require employees to comply with the Occupational Safety and Health Policies, guidelines and protocols in order to safeguard themselves from workplace health and safety concerns. The Safety Health and Emergency Response Team regularly attends training and maintains a consistent level of first aid knowledge and skills.

The Department of Occupational Safety and Health Malaysia was also invited to give safety talks on the following topics:

- Understanding of Occupational Safety and Health Act 1994; and
- Employer's and Employee's responsibility and compliance to the OSHA Act.

In FYE 2022, there were no occupational incidents reported in the Group.

Occupational Incident Number

2022 : Nil

2021 : Nil
2020 : 1

To strengthen emergency response capabilities, each office floor is equipped with an automated external defibrillator, foldable stretcher and wheelchair. These are inspected on a regular basis to ensure they remain in good condition and are safe to use. First aid kits are also placed in all floors and used contents replenished regularly.

Furthermore, the Group established a vaccination programme in May 2021 for employees who did not receive their appointments through the MySejahtera app. Employees are entitled to vaccination leave to ensure they are well rested after receiving the vaccination. To-date, 99.5% employees are fully vaccinated and boosted, with only 1 employee unboosted due to health reasons.

Sustainability Statement

C. SOCIAL (CONT'D)

ii. Employment Management and Development (Cont'd)

Occupational Safety and Well-being (Cont'd)

The Group continue to apply the following measures and controls:

- Hand sanitisers are provided at main areas and multiple workstations;
- Automatic hand sanitisers with stands are placed at the main entrance;
- Regular disinfection of all areas within office premises;
- Daily disinfection of highly populated areas such as the main entrance, all doorknobs or handles, meeting rooms, reception area and pantry;
- Physical distancing within office premises;
- Installation of 15 units air purification system (i.e. Aura Air and Pure Cloud) to reduce airborne and surface contaminants as well as pathogens in office floors to protect all employees;
- Clinical waste bins are placed at strategic locations for employees to dispose used masks, test kits or protective gears properly;
- Regular email reminders to employees on safety precautions to be taken and observed; and
- Rapid Antigen Saliva Self-Test Kit are made available via HR Unit, if needed by the employees.

As Malaysia transitioned into endemicity, the Group has updated its Recommencement of Operations and Safety Guidelines to ensure it moves smoothly without disruption to its operations.

iii. Community Investment

As a responsible corporate citizen, the Group is committed to local community development by providing financial and other forms of support as part of giving back to society and undertaking meaningful CSR.

The Group supports a variety of charitable initiatives, with specific focus on education, health and supporting victims of domestic violence.

Education

The Group's support to education is made possible by its relationship with Yayasan Azman Hashim ("YAH"), a non-profit charitable foundation founded by Tan Sri Azman Hashim, the Chairman of RCE's ultimate holding company.

YAH was founded primarily to focus on long term sustainability in education, welfare and the alleviation of human suffering. Throughout the years, YAH has contributed to many nation-building initiatives, including but not limited to the construction of sports arenas, mosques, halls, sports complexes and centres.

In collaboration with YAH, the Group enables deserving youth to pursue full-time Association of Chartered Certified Accountants certifications through the provision of study grants and sponsorship for higher education. Additionally, students are offered employment opportunities following completion of their studies.

To-date, a sum of RM524,000 has been offered to the students to support them in obtaining quality education. In FYE 2022, there were 2 new study grant recipients.

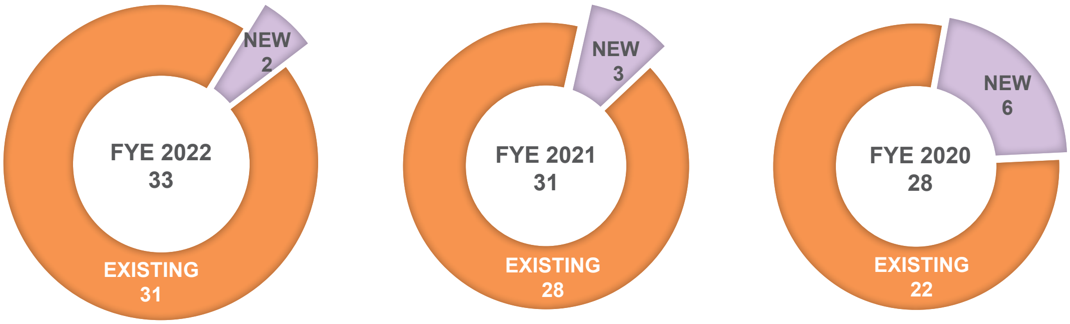
Sustainability Statement

C. SOCIAL (CONT'D)

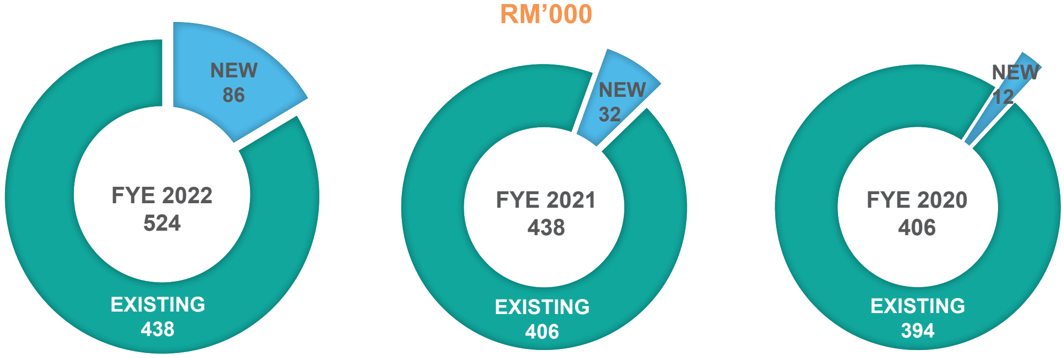
iii. Community Investment (Cont'd)

Education (Cont'd)

Accumulated Number of Study Grants Awarded Per Year



Accumulated Study Grants Awarded RM'000



Community Welfare Activities

Medical Equipment to Hospitals

In FYE 2022, the Group donated medical equipment to support the public healthcare system on treating critical COVID-19 patients. Below are the details on the contributions:

22 July 2021:

- RM97,000 worth of medical equipment to the Intensive Care Unit ("ICU") Ward at Hospital Tengku Ampuan Rahimah, Klang consisting of 2 sets of Philips IntelliVue MX550 Monitor.
- Each set includes peripherals of a multi-measurement module, reusable finger sensor, non-invasive blood pressure interconnecting tubing cables, lead electrocardiogram trunk cables and lead wires, as well as reusable cuffs for paediatrics children and adults.

29 July 2021:

- RM100,000 worth of medical equipment to the ICU Ward at Hospital Sungai Buloh, Selangor; consisting of 288 sets of heated breathing tube and complete chamber kit with adult nasal cannula.
- These were used to facilitate the delivery of oxygen therapy to COVID-19 patients.

17 August 2021:

- RM99,000 worth of medical equipment to the ICU Ward at Hospital Ampang, Selangor consisting of 1 unit of Hamilton-C1 mechanical ventilator and 5 units of Medcaptain MP-30 Syringe Pump.
- These were used to facilitate the delivery of oxygen therapy to COVID-19 patients.

Sustainability Statement

C. SOCIAL (CONT'D)

iii. Community Investment (Cont'd)

Medical Equipment to Hospitals (Cont'd)

2 September 2021:

- RM97,000 worth of medical equipment to Hospital Kuala Lumpur, consisting of 4 units of Medcaptain MP-30 Syringe Pump and 15 units of Sanuvox BIOPÜR Advanced Portable Air Purifier.
- These were used to facilitate the delivery of oxygen treatment to COVID-19 patients and aid in the reduction of airborne viruses.

The Group is hopeful that these contributions have aided COVID-19 patients in receiving quality medical care and alleviated the burden of front-line healthcare providers.

Handover of medical equipment to Hospital Tengku Ampuan Rahimah, Hospital Sungai Buloh, Hospital Ampang and Hospital Kuala Lumpur

Women's Aid Organisation ("WAO")

WAO is an organisation with first phase certification under the Core Humanitarian Standard on Quality and Accountability credential in September 2019. The Group continues to contribute to the WAO, a non-governmental organisation that supports affected women and advocates children's rights in view of the rise in domestic violence.

The Group has been supporting WAO since August 2019 and in FYE 2022, RM54,000 was donated to fund WAO's pro bono counselling and therapy sessions.

WAO Donation RM'000

2022 : 54.0

2021 : 31.5

2020 : 4.5

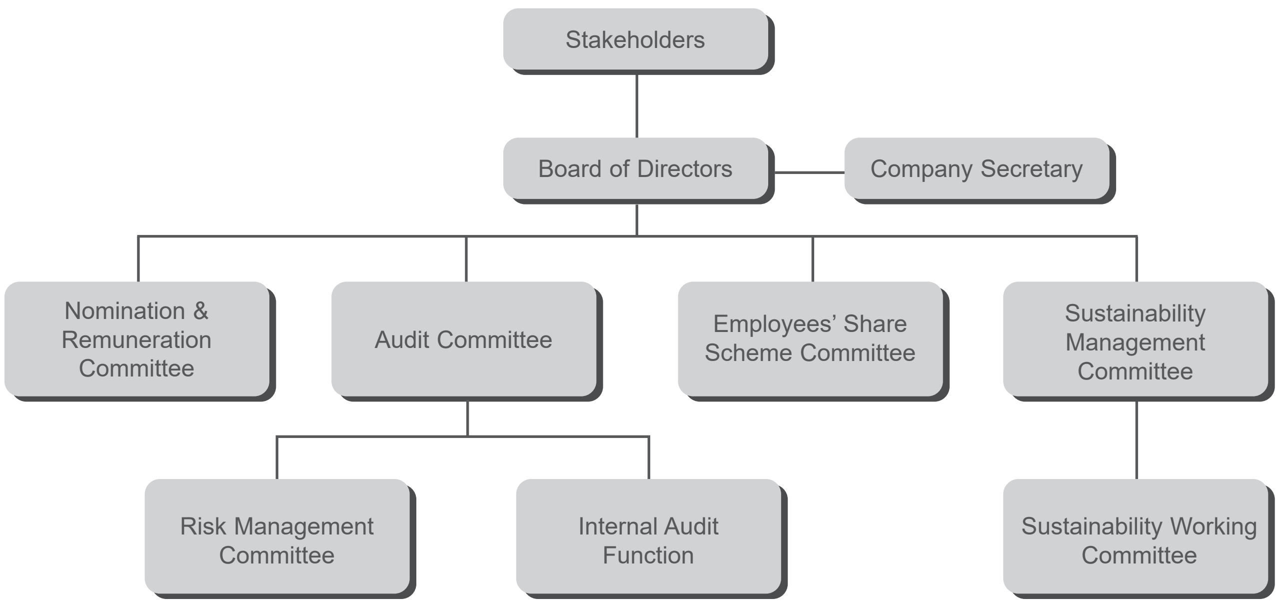
Corporate Governance Overview Statement

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 good corporate governance practices enable the Group to operate more efficiently and facilitate better oversight of the business, management and operations of the Group. Financial year 2022 remained challenging as COVID-19 continued to impact the global and domestic economies. Despite the uncertain and evolving environments, the Board remains focused on building resilience by providing an effective stewardship whilst remains steadfast in its commitment in upholding the value of good corporate governance by continuously advocating transparency, accountability, integrity and responsibility to enhance long-term shareholders' value and safeguarding the stakeholders' value.

The Board presents 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 2022. The overview takes guidance from the three (3) key corporate governance principles as set out in the updated Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia on 28 April 2021 ("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.

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 comprising individuals of calibre and credibility from a diverse professional backgrounds with a wealth of experience, skills and expertise. The Board has overall responsibility for promoting the sustainable growth and financial soundness of the Company.

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.

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.

Corporate Governance Overview Statement

The Board acknowledges the importance of a clear division of responsibility between the Chairman of the Board and the Chief Executive Officer ("CEO") to ensure optimal balance, resulting in increased accountability and enhanced decision-making. 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 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 delegates responsibility of the day-to-day operations of the Group to the CEO, who is assisted by the senior management team in ensuring that the Group operates within a framework of prudent and effective controls in accordance with the direction of the Board. The CEO is accountable for the execution of policies and strategies set by the Board to achieve the Group's corporate objectives. 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, and the Board acknowledges that the Company will benefit significantly from its Directors' varied boardroom exposure.

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 company.

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 the current external directorships held by the Directors of the Company do not give rise to any conflict of interest nor impair their ability to discharge their duties effectively. 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 five (5) 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, declaration of interim dividends, solvency position of the Company for interim dividends and share buyback, shariah-compliant, sustainability matters, updates on the Code, corporate governance practices, review of the Board Charter and terms of reference of the Board Committees, corporate proposals and strategic issues that affect the Group's business operations.

Board meetings are of sufficient duration to ensure adequate analysis and deliberation during the decision-making process. 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**
Shahman Azman	5/5 (100%)
Tan Sri Mazlan bin Mansor	5/5 (100%)
Datuk Mohamed Azmi bin Mahmood	5/5 (100%)
Tan Bun Poo *(Resigned on 31 May 2022)*	4/5 (80%)
Mahadzir bin Azizan	5/5 (100%)
Thein Kim Mon	5/5 (100%)
Soo Kim Wai	5/5 (100%)
Shalina Azman	5/5 (100%)
Lum Sing Fai	5/5 (100%)

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 assist the Board in carrying out its responsibilities and functions, it has delegated certain responsibilities to the Board Committees, namely Audit Committee, Nomination & Remuneration Committee, Employees' Share Scheme Committee and Sustainability Management Committee. These Committees play a significant role 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 update 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 2022, the N&R Committee held one (1) meeting with the full attendance of the N&R Committee members as follows:

Name	No. of Meetings Attended
Datuk Mohamed Azmi bin Mahmood	1/1 (100%)
Mahadzir bin Azizan	1/1 (100%)
Shalina Azman	1/1 (100%)

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 67th Annual General Meeting ("AGM") to determine whether or not to recommend their re-election;
- reviewed and recommended 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 increase in Directors' fees for the financial year ended 31 March 2021;
- reviewed and recommended the adoption of the revised terms of reference of the N&R Committee; and
- reviewed and recommended the appointment of Mr. Soo Kim Wai as Chairman of the Employees' Share Scheme Committee of the Company, in replacement of Encik Shahman Azman who is the Chairman of the Board, in conformance with the updated best practice introduced by the Code.

The terms of reference of the N&R Committee is available at the Company's website at www.rce.com.my.

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- **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 2022, the ESS Committee held three (3) meetings with the full attendance of the ESS Committee members as follows:

Name	No. of Meetings Attended
Shahman Azman*	3/3 (100%)
Soo Kim Wai	3/3 (100%)
Shalina Azman	3/3 (100%)
Lum Sing Fai	3/3 (100%)
Loh Kam Chuin *(Chief Executive Officer)*	3/3 (100%)

Note:

** Reflects his attendance prior to his resignation as Chairman/member of ESS Committee on 11 March 2022.*

The ESS Committee had carried out the following activities during the financial year:

- reviewed the second grant of options to the eligible employees under the Employees' Share Option Scheme ("Options") of the Company's ESS and recommended the same for Board's approval;
- reviewed and approved the suspension of exercise dates of the Options in January 2022 to facilitate the adjustment of Option price and number of Options pursuant to the ESS By-Laws arising from the bonus issue exercise; and
- reviewed and approved the adjustments of Option price and number of Options granted to the eligible employees under the first and second grant of Options pursuant to the ESS By-Laws arising from the bonus issue exercise.

- **Sustainability Management Committee**

There has been an increased interest and awareness for stakeholders and regulators on matters relating to sustainability and environmental, social and governance (ESG). The Board is responsible to ensure that the Company 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 which is responsible to assist the Board in administering and overseeing the development and implementation of the Group's sustainability strategies.

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During the financial year ended 31 March 2022, the Sustainability Management Committee held three (3) meetings and the attendance of the respective members at the meetings are as follows:

Name	No. of Meetings Attended
Shahman Azman	3/3 (100%)
Shalina Azman	2/3 (67%)
Loh Kam Chuin *(Chief Executive Officer)*	3/3 (100%)
Yap Choon Seng *(Group Chief Financial Officer)*	3/3 (100%)
Oon Hooi Khee *(Chief Business Officer)*	3/3 (100%)

The Sustainability Management Committee is supported by a Sustainability Working Committee which had carried out and implemented various sustainability related initiatives and activities during 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 the Company'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.

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.

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.

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.

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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.

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.

The Board acknowledges the importance of continuous education and training in order to broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as 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 as 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.

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

Director	Course Attended
Shahman Azman	SGX Regulatory Symposium 2021 - Market Needs in a Changing Landscape
	Singapore Institute of Directors CTP14 - Driving Climate Change through Executive Compensation
	Crowe Expert Hour - How to ride the Tsunami of Investment Funds pouring into SPACs
	Combating the Threats of Cybercrimes in Malaysia - Build Trusted, Secure and Ethical Digital Environment
	BMCC - Malaysia Climate Action Week - Incorporating ESG Practices into Your Business
	BMCC - Malaysia Climate Action Week - How Climate Governance is Shaping Corporations around the World
	Singapore Exchange - Task Force on Climate-related Financial Disclosures (TCFD) 101 session
	Singapore Exchange - Task Force on Climate-related Financial Disclosures (TCFD) 102 session
	QED Changemaker Series: The ABCs of Environmental Impact - Online Panel Sharing
	Post Budget 2022 - Building National Resilience
	Reimagining Women in Leadership
	Building an Inclusive Digital Economy
	National Budget 2022 Review and Updates
	Transforming MSMEs - Harnessing Human Capital to Thrive in the Digital Economy
	Beyond a Pandemic - Building Towards a Sustainable & Resilient Recovery after COVID-19

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Director	Course Attended
Shahman Azman (cont'd)	Your biggest "S" in ESG: Sustainable Human Capital Management & Workplace Transformation Rethink, Reimagine & Redesign: Business Model of the Future Becoming a Boardroom Star
Tan Sri Mazlan bin Mansor	Capital Market Director Program (CMDP) Module 1: Directors as Gatekeepers of Market Participants
Datuk Mohamed Azmi bin Mahmood	Ethics & Integrity - The Importance of Creating a 'Speak Up' Culture Understanding the Digital Currency Landscape in Asia and Beyond Building Mental Resilience Future of Risk Function Transforming National Treasures - The Khazanah Nasional Story (2004-2018) Audit Oversight Board (AOB) Conversation with Audit Committees 2022 ASEAN Board Trends: What Keeps You Awake At Night?
Mahadzir bin Azizan	Revised Malaysian Code on Corporate Governance Briefing on Capital Market Masterplan 3 Budget 2022 Webinar Audit Oversight Board (AOB) Conversation with Audit Committees Release of the Securities Commission Malaysia Annual Report 2021: - Capital Market Review and Outlook - 2021 Focus and Achievements - Plans for 2022
Thein Kim Mon	Implementing Amendments in the Malaysian Code on Corporate Governance Mastering Cyber Security to Mitigate Fraud Value Creative Strategies The Healthy Board Business Transformation Post COVID
Soo Kim Wai	SGX Regulatory Symposium 2021 Board Technology Day Portfolio Company Leadership Summit: Embracing Uncertainty and Uncovering Opportunity JC3 Flagship Conference 2021: Finance for Change The Board's Role and Responsibilities in Crisis Communication CEO Forum 2021 - Business in the New Normal Updates for the Capital Markets on Conflict of Interest & Insider Trading 2022 Post Budget Debate - Tricor Insight Special Edition AsiaGlobal Dialogue 2021

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Director	Course Attended
Soo Kim Wai (cont'd)	Malaysia Budget 2022 National Budget 2022 Review and Updates Annual Dialogue with Governor of Bank Negara Malaysia Cyber Security Awareness AmBank Group ESG Day MyFintech Week Masterclass 25th Credit Suisse Asian Investment Conference
Shalina Azman	AMLA 2001: Risk, Challenges, Governance & Transparency in Managing Business & Compliance IFRS Technical Update & Applications Capital Market Conference 2021 - Evolution of Capital Market Risk Management Committee - Banking Sector Value Creation Strategies: An Innovative Take on Creating Impactful, Healthy Companies The Malaysian Code on Corporate Governance Governance 4.0: Transforming Business, Transforming Boards Corporate Governance Excellence Key Cultural Drivers of Organisational Misconduct Motivational Leadership - The Key Leadership Approach for the Modern World Fraud, Corruption & Forensic Investigation Intentional Integrity: How Smart Companies can lead an Ethical Revolution National Budget 2022 Review and Updates Organised Cybercrimes: Detection, Investigation & Prevention Investing in an Inflationary Environment COVID Creates Unique Governance Issues
Lum Sing Fai	Board Technology Day Cyber Security Awareness Updates for the Capital Markets on Conflict of Interest & Insider Trading National Budget 2022 Review and Updates Digital and Future Insight of Islamic Programme

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.

Corporate Governance Overview Statement

II. Board Composition

Throughout the financial year, the Board comprised nine (9) members, all of whom are Non-Executive Directors, of which five (5) are Independent Directors and four (4) are Non-Independent Directors (including the Chairman).

The Board in upholding the best practice recommended under the Code, has during the financial year revised its 12-year tenure policy for its Independent Directors by limiting the tenure of the Independent Directors to nine (9) years in order to facilitate Board refreshment. None of the Independent Directors had exceeded the nine (9) years tenure as at the end of the financial year.

Tenure of Independent Directors as at 31 March 2022				
Tenure	**< 3 years**	**3-6 years**	**6-9 years**	**above 9 years**
Number of Independent Directors				-

To conform to the Company's 9-year tenure policy for Independent Directors, Mr. Tan Bun Poo, the Independent Director who was appointed to the Board on 1 June 2013 and reached the 9-year term on 31 May 2022, stepped down from the Board on 31 May 2022. Upon his resignation, the Board now comprises eight (8) Directors, four (4) of whom are 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, legal, law enforcement and public services. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience 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 has the right mix of skills and balance to contribute to the achievement of the Company's goal.

To this end, the Board has during the financial year adopted a gender diversity policy as recommended by the Code to achieve at least 30% women representatives on the Board. The Board presently has one (1) female Director who has been with the Board since 2000. 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.

The Board through its N&R Committee reviews annually, the effectiveness of the Board and Board Committees, contribution and performance of the individual Directors and CEO as well as the independence of the Independent Directors. The performance of each Director who is retiring at the next AGM is taken into account by the Board in determining whether or not the Board should support the re-election of the said Director.

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. As the feedback of the Board evaluation was generally satisfactory, no apparent shortcomings had been identified.

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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 will assess the suitability of candidates, taking into consideration the required mix of skills, knowledge, expertise and experience, professionalism, integrity, 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.

During the financial year ended 31 March 2022, there was no new appointment of Director on the Board of the Company.

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 is to set remuneration at levels which are sufficient to attract and retain Directors and CEO needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

For the CEO, the N&R Committee reviews the remuneration package annually and recommends to the Board on specific adjustments and/or rewards that reflect his 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 entitled to participate in any employees share scheme implemented by the Company. Individual Directors will abstain from participating in the discussion and decision of their own remuneration package. Non-Executive Directors' fees and benefits are subject to the approval of shareholders at the AGM based on the recommendation of the Board.

In May 2022, the Board approved the recommendation by the N&R Committee in respect of the Non-Executive Directors' fees for the financial year ended 31 March 2022, which will be put forth to the shareholders for approval at the 68th 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 2022 as the N&R Committee and the Board were of the view that the fees are still 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 2022 are disclosed in the CG Report under Practice 8.1.

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PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Throughout the financial year, the Audit Committee of the Company comprised six (6) Non-Executive Directors, five (5) of whom are Independent Directors which is in compliance with the Listing Requirements of Bursa Securities. Mr. Tan Bun Poo stepped down from the Board on 31 May 2022 to conform to the Company's 9-year tenure policy for Independent Directors. Consequent thereto, he also ceased as member of the Audit Committee on 31 May 2022.

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.

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's external auditors which ensure 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 78 to 83 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. The importance of risk management and internal control system is even more pronounced with the COVID-19 pandemic.

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.

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 73 to 77 of this Annual Report.

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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 public can access the latest information regarding the Group through its website at www.rce.com.my. Throughout the financial year and various phases of Movement Control Order ("MCO"), the Company and its investor relations team also conducted briefings to analysts and fund managers via video communications and other online tools to provide investors, analysts and fund managers with opportunities to receive information relating to the Group. 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
Telephone number : +603-4047 0988
Email : ir@rce.com.my

Ms. Oon Hooi Khee
Chief Business Officer
Telephone number : +603-4047 0988
Email : ir@rce.com.my

II. Conduct of General Meetings

The Company's general meetings remain as the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's businesses, governance, performance and corporate developments.

In view of the COVID-19 pandemic and the various phases of MCO implemented by the Government of Malaysia which set limitations on travel and mass events, the 67th AGM and the Extraordinary General Meeting ("EGM") held on 23 September 2021 and 22 December 2021 respectively were 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 take advantage of the Remote Participation and Voting ("RPV") facilities hosted on Securities Services e-Portal at https://sshsb.net.my/ without the need of being physically present at the general meetings as a precautionary measure to curb the spread of the COVID-19.

Notice of and Administrative Guide for the 67th AGM, the Form of Proxy and the Annual Report were issued and/or uploaded onto the Company's website 28 days before the 67th 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 67th 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 and EGM. They were also invited to send questions before the meetings in relation to the agenda items for the 67th AGM and the EGM, or via the real time submission of typed texts through a text box before the start or during the live streaming of the meetings.

Shareholders, corporate representatives and proxies participated in the virtual 67th AGM and EGM through live streaming and online remote voting via the RPV facilities.

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The proceedings of the 67th AGM and the EGM including the CEO's presentation of the Group's activities and financial performance together with an overview of the Group's outlook, challenges faced by the Group amidst various lockdown periods, and the Group's prospects and strategies, presentation from the Company's principal adviser on the proposed bonus issue, questions from Minority Shareholders Watch Group and shareholders which were raised prior to and during the meetings as well as the Company's responses to the same, were shared with the shareholders/proxies during the virtual AGM and EGM, before putting resolutions to vote.

To ensure effective participation of and engagement with shareholders at the virtual 67th AGM and EGM of the Company, all members of the Board participated in the meetings 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 meetings.

Minutes of the 67th AGM and EGM, including all the questions raised prior to and during the meetings and the Company's responses to the same, were made available on the Company's website at www.rce.com.my within 30 business days after the general meetings.

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 maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

Following the introduction of new best practices under the Code in April 2021, the Company has undertaken a gap analysis to identify the new corporate governance practices against the existing practices within the Group. Action plan was then drawn up to improve the Company's corporate governance framework, policies and practices by setting deadlines for implementation and preparing meaningful disclosures on the application of the relevant practices.

Moving forward, the Board will continue 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 of the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 30 May 2022.

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 2022. 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 2022 are set out below:

Description	Number of Options	
	Grand Total	Directors and Chief Executive
Granted	18,260,000	1,100,000
Exercised	8,734,396	500,000
Cancelled	264,500	-
Adjustment#	8,706,717	542,852
Outstanding	17,967,821	1,142,852

Note:

\# *The number of options has been adjusted in accordance with the 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 2022 are set out below:

Directors and Senior Management	Percentage	
	During the financial year	Since commencement up to 31 March 2022
Aggregate maximum allocation	34.03%	30.92%
Actual options granted	34.03%	30.92%

(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 2022 are as follows:

Fees	Company RM	Group RM
Audit Fees	95,000	293,900
Non-Audit Fees	23,000	74,000
Total	**118,000**	**367,900**

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

- Tax related matters; and
- Review of the 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 sixth and seventh tranche of sukuk with proceeds totalling RM310.0 million. Details of the utilisation as at 31 March 2022 are as follow:

Description	RM’000
Proceeds	310,000
Utilisation:	
(a) purchase consideration of the acquired islamic financing agreements	(299,476)
(b) minimum profit balance required for finance service reserve account	(6,502)
(c) issuance related expenses	(2,790)
(d) deposit into revenue account	(1,232)
Total	**-**

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 Committee of Sponsoring Organisation ("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-a-ssessment 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 regards to significant business transactions and 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 risk where it was managed by periodical credit evaluation measures and stringent monitoring of repayment such as:

- review of customers' profile, non-performing portfolio and fraud incidents;
- refinements to existing credit assessment system; and
- systematic recovery procedures.

(b) Technology and cyber risks where services of external security professionals were procured to identify security risk to information technology or data or applications to ensure the relevance and effectiveness remain intact. The services also included fixing of vulnerabilities on newly implemented systems and technologies.

Additionally, review of disaster recovery data centre was carried out and prompted a relocation to a strategic location equipped with:

- internet service;
- availability of uninterrupted power supply with optimum temperature and humidity conditions; and
- round-the-clock multi-layered security.

Review and enhancement of cybersecurity crisis management response plan to enable prompt actions if threatened.

(c) Liquidity, cash flow and reputational risks where new revolving credit and term financing facilities secured were assessed in terms of pricing, security and covenant requirements before acceptance. These are attained via diligent monitoring of cash flow, security, covenants and mixture of fixed and floating rate financing liabilities.

(d) Strategic risk where severity of risks in relation to new business proposal of participating in a consortium for a digital banking license application was identified and assessed, and the mitigating controls such as consortium structure, capital requirements, investment terms, business model were evaluated to reduce the net risks.

(e) Regulatory and compliance risks where the Compliance, Operations and Methods Department prepared Annual Plan with quarterly progress reports covering update of existing policies and procedures, follow up on unresolved observations and regulatory compliance reviews.

Service level agreements with vendors review included elements of data protection and governance, anti-bribery and anti-corruption and non-automatic contract renewals to ensure compliance with Personal Data Protection Act 2010, Malaysian Anti-Corruption Commission Act 2009 and the Group's policy.

Money laundering and terrorism financing institutional risk assessment review 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.

Statement on Risk Management and Internal Control

(f) Corruption risk where respective operating unit identified and assessed the risks that are inherent to its operations. Mitigating controls implemented included:

- establishment, dissemination and communication of Code of Conduct for Business Partners and Anti-Bribery and Corruption Policy to stakeholders;
- proper segregation of duties;
- authorisation and approval with authority matrix put 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 trainings or briefings.

(g) Operational and reputational risks where marketing representatives ("MRs") conduct was periodically monitored and reviewed with the following operation framework:

- preventive measures covering pre-screening procedures on MRs;
- acceptance of the Group's terms and conditions and code of conduct;
- verification measures to validate information provided by MRs;
- maintenance measures through dissemination of information memorandums and trainings/briefings to MRs; and
- mitigation/deterrence measures including establishment of Disciplinary Committee for Fraud and Task Force Investigation in overseeing the investigations of suspected fraud, disciplinary and legal actions on MRs, if required.

The above are documented in the risk profile of each operating unit and reviewed every half yearly.

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, review and assess, 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 system 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 audit plan approved by the Audit Committee.

(iii) The Group has engaged the services of the Internal Audit Division 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) 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 heads of department, 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 the 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

(vi) Compliance remains the key priority of the Group. The Compliance, Operations and Methods Department is responsible to oversee the compliance of all operating units towards their respective standard operating procedures and regulatory requirements as well as the formulation and development of the standard operating procedures. 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.

(vii) Regulatory requirements are communicated to all operating units through awareness campaigns and trainings to infuse the requirements into the business processes to manage compliance risks.

(viii) 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.

(ix) 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 is reviewed and assessed periodically, and any non-compliances are promptly investigated, acted upon and reported.

(x) 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.

(xi) 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 towards achieving the Group's objectives.

(xii) 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.

(xiii) 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 budget monthly, together with explanation of any major variance, while budget for the current year is reviewed at least semi-annually. Action plans are formulated to address any areas of concern.

(xiv) Adequate insurance and physical security of major assets are in place to protect assets of the Group and are sufficiently covered against any mishap that will result in material losses to the Group.

(xv) 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 of reporting of 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 system 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 system 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 2022. 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 paragraph 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 30 May 2022.

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 bin Mansor	Member	Independent Director
Datuk Mohamed Azmi bin Mahmood	Member	Independent Director
Tan Bun Poo *(Resigned on 31 May 2022)*	Member	Independent Director
Mahadzir bin Azizan	Member	Independent Director
Soo Kim Wai	Member	Non-Independent Non-Executive Director

No alternate Directors were appointed as members of the Audit Committee. Throughout the financial year 31 March 2022, the Audit Committee comprised six (6) members, five (5) of whom are Independent Directors. The Chairman of the Audit Committee, Mr. Thein Kim Mon is a Fellow of the Institute of Chartered Accountants, England and Wales (ICAEW)(FCA) and the Institute of Chartered Accountants of Australia (FCA) whereas, Mr. Tan Bun Poo and Mr. Soo Kim Wai are members of the Malaysian Institute of Accountants ("MIA"). 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, Mr. Tan Bun Poo who had reached his 9-year term, resigned as Independent Director of the Company on 31 May 2022 and ipso facto ceased as member of the Audit Committee.

The members of the Audit Committee have sufficient 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 2022 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 had continued to support the Board in matters related to the Group's financial and audit, risk management and internal control, and provided appropriate and useful recommendations to the Board for better decision-making and consequently made Board meetings more efficient and effective.

MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2022, the Audit Committee held four (4) meetings. The details of attendance of the Audit Committee members are as follows:

Name	No. of Meetings Attended
Thein Kim Mon	4/4 (100%)
Tan Sri Mazlan bin Mansor	4/4 (100%)
Datuk Mohamed Azmi bin Mahmood	4/4 (100%)
Tan Bun Poo *(Resigned on 31 May 2022)*	3/4 (75%)
Mahadzir bin Azizan	4/4 (100%)
Soo Kim Wai	4/4 (100%)

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.

By invitation, the Chief Executive Officer, Group Chief Financial Officer, the senior management personnel and representatives of the internal auditors attended all the meetings held during the financial year, to present their reports on financial results, audits and other matters for the Audit Committee's deliberation and approval, if required. 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 meetings where the annual audited financial statements were reviewed and discussed.

This provided a platform for direct interaction between members of the Audit Committee, Management and auditors.

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.

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 COVID-19 pandemic on the operations of the Group, the prospects of the Group, accounting treatment of significant transactions and the underlying activities that lead to such transactions.

  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 new accounting standards, 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, audit focus areas of the Group and the effects of COVID-19 pandemic on financial reporting. 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 the Audit Plans for adequacy of scope and coverage on the activities of the Group and provided input on key areas to be included as part of the Audit Plans. Risks affecting the audit areas determined the frequency of audit coverage. The Audit Plans were approved for adoption as a result of the review.

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 providers to ensure that the Group's IT environment remains intact from the constant evolution of IT threats and vulnerabilities and as an avenue to upskill the existing Internal Audit Function.

e. 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. 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.

f. 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.

g. Reviewed the status of audit assignment reported by the internal auditors to ensure that the progress was in line with the approved Audit Plan.

h. Reviewed the proposed 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 proposed fees for the Board's approval.

i. 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 24 February 2022 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.

j. Reviewed the objectivity and independence of the Internal Audit Function. On 24 February 2022, the internal auditors confirmed to the Audit Committee of their independence and declared that they did not engage in the 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.

k. 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 2021 to 31 December 2021 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 experience of the personnel in the Internal Audit Function.

l. Appointed The Institute of Internal Auditors Malaysia ("IIA Malaysia") to conduct an external assessment on the conformance of Internal Audit Function to The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Audit Committee Report

m. Reviewed the external assessment results on the Internal Audit Function, including the report on self-assessment with independent validation review for the Internal Audit Function conducted by IIA Malaysia. The review covered the assessment of internal audit activities as to the conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, evaluation of the efficiency and effectiveness of the Internal Audit Function in carrying out its mission and identification of opportunities to enhance the management of resources and work processes, as well as its value to the Group in the activities of internal audit.

n. 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 highlighted for deliberation.

o. 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 were 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 strategy, audit materiality, scope of work, methodology and timetable, significant risks and areas of audit focus, changes to accounting standards, regulatory requirements and the extent of compliance, COVID-19 impact, 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 9 November 2021. 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, regulatory requirements including changes in tax legislation and recent developments.

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. Updated the Company's Policy on Provision of Non-Audit Services by External Auditors and recommended the same to the Board for approval and adoption.

f. Held two (2) discussions with the external auditors without the presence of Management on 25 May 2021 and 9 November 2021 respectively, to discuss issues requiring attention/significant matters arising from the audit.

g. Reviewed, assessed and monitored the performance, suitability and independence of the external auditors. Areas of the performance review included the quality of services rendered, quality and sufficiency of resources, 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.

   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 30 May 2022 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.

Audit Committee Report

- **Related Party Transactions**

  a. 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.

  b. 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. Evaluated the adequacy of the Risk Management Framework of the Group.

  b. Reviewed the deliberations on risk management approaches by the Risk Management Committee.

  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 revisions to the terms of reference of the Audit Committee and recommended the same to the Board for approval.

  c. Reviewed the revisions to the Delegation of Authority and Authority Limit (DAAL) Policy for the operations of the Group.

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 2022 was RM278,600.

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.

Audit Committee Report

The scope of 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, disbursement, collections 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 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 determine whether corrective actions have been taken by Management.

Internal Audit Function's conformance to the standards contained in the International Professional Practices Frameworks as promulgated by The Institute of Internal Auditors were internally and externally 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, opportunity for improvements were identified and action plans for improvement were formulated for execution. The results of the external assessment and its Quality Assurance and Improvement Program were reported to the Audit Committee.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 30 May 2022.

FINANCIAL STATEMENTS

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 2022.

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 2022 are as follows:

	The Group RM	The Company RM
Profit for the financial year	133,169,342	33,791,058

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:

	RM
In respect of financial year ended 31 March:	
2022:	
First interim dividend of 7.00 sen per ordinary share, declared on 9 November 2021 and paid on 6 December 2021	25,580,101
Distribution of 18,291,722 treasury shares as share dividend on the basis of one (1) treasury share for every twenty (20) ordinary shares held on 5 January 2022 and credited on 17 January 2022	20,962,313
2021:	
Second interim dividend of 7.00 sen per ordinary share, declared on 25 May 2021 and paid on 29 July 2021	25,489,479

The Board of Directors ("Board") has declared a second interim dividend of 4.00 sen per ordinary share ("2nd interim dividend") in respect of financial year ended 31 March 2022, to be paid on 30 June 2022. The dividend payable is estimated at RM29,278,937 based on the latest number of ordinary shares, net of treasury shares.

The entitlement date for the dividend payment is 17 June 2022.

This 2nd interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2023.

Total dividend declared (excluding share dividend) in respect of the financial year ended 31 March 2022 is 11.00 sen. This translates to a dividend payout ratio of 41.2%.

The Board does not recommend any final dividend for the financial year ended 31 March 2022.

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

During the financial year, the total number of issued shares of the Company was increased from 382,655,236 to 739,987,032 by way of issuances of:

(a) 351,470,069 new shares ("Bonus Shares") on the basis of nineteen (19) Bonus Shares for every twenty-one (21) ordinary shares; and

(b) 5,861,727 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.

There was no other issuance of shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the total number of treasury shares of the Company was reduced from 22,605,225 to 8,216,196 by way of:

(a) distribution of 18,291,722 treasury shares as share dividend on the basis of one (1) treasury share for every twenty (20) ordinary shares; and

(b) receipt of 3,902,693 Bonus Shares pursuant to the bonus issue which are held as treasury shares by the Company.

There were no repurchases of the Company's shares from the open market for the financial year ended 31 March 2022.

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. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended except for distribution as share dividend.

As at 31 March 2022, the number of ordinary shares, net of treasury shares is 731,770,836 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.

Directors' Report

ESS (CONT'D)

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

Before bonus issue adjustment:

			ESS options				
Grant date	Expiry date	Option price RM	Balance as at 1.04.2021	Granted	Exercised	Cancelled	Balance as at 6.01.2022
14.12.2020	13.12.2022	2.17	6,471,900	-	(5,815,000)	(22,500)	634,400
21.10.2021	2.01.2024	3.00	-	9,068,000	-	(79,000)	8,989,000
			6,471,900	9,068,000	(5,815,000)	(101,500)	9,623,400

After bonus issue adjustment:

			ESS options				
Grant date	Expiry date	Option price RM	Balance as at 6.01.2022	Adjustment*	Exercised	Cancelled	Balance as at 31.03.2022
14.12.2020	13.12.2022	1.13	634,400	573,966	(46,727)	-	1,161,639
21.10.2021	2.01.2024	1.57	8,989,000	8,132,751	(315,569)	-	16,806,182
			9,623,400	8,706,717	(362,296)	-	17,967,821

* The number of options and price have been adjusted in accordance with By-Laws 15.1 and 15.5(b) arising from issuance of Bonus Shares.

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.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D)

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
Tan Bun Poo
Mahadzir Bin Azizan
Thein Kim Mon
Soo Kim Wai
Shalina Azman*
Lum Sing Fai

* Director of the Company and subsidiary companies.

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^	(Appointed on 15 October 2021)
Ng Jui Shan^	(Appointed on 28 April 2022)
Hooi Toong Wan	(Ceased on 8 April 2021)
Yam Kwai Ying Sharon^	(Resigned on 15 October 2021)
Edmund Lee Kwing Mun^	(Resigned on 28 April 2022)
Kew Thean Yew^	(Resigned on 30 April 2022)

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

Directors' Report

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 and its related companies during the financial year are as follows:

	Number of ordinary shares				
	Balance as at 1.04.2021	Allotted/ Acquired	Disposed/ Cancelled	Share dividend and Bonus issue	Balance as at 31.03.2022
The Company					
Direct interest:					
Shahman Azman	300,000	-	-	300,000	600,000
Shalina Azman	450,000	-	-	450,000	900,000
Lum Sing Fai	499	-	-	497	996
Related company, Amcorp Properties Berhad					
Direct interest:					
Shahman Azman	886,700	3,072,000	(3,958,700)	-	-
Lum Sing Fai	833	100	(933)	-	-

	Number of Class B Redeemable Convertible Preference Shares			
	Balance as at 1.04.2021	Allotted/ Acquired	Converted	Balance as at 31.03.2022
Related company, Amcorp Properties Berhad				
Direct interest:				
Lum Sing Fai	100	-	(100)	-

	Number of ESS options			
	Balance as at 1.04.2021	Granted	Exercised	Balance as at 31.03.2022
Related company, Amcorp Properties Berhad				
Shahman Azman	3,072,000	-	(3,072,000)	-

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' Report

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 the 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.

Further details of directors' remuneration are disclosed in Note 7 to the financial statements.

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 RM31,680.

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

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
30 May 2022

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 2022, 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 a summary of significant accounting policies as set out on pages 95 to 164.

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 2022 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 Matters

Key audit matters presented below are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company of the financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

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

Key Audit Matters	***How the Scope of our Audit Responded to the Key Audit Matter***
Allowances for impairment loss on receivables MFRS 9 *Financial Instruments* requires the Group to account for receivables impairment 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. Note 3 to the financial statements makes reference to the significant accounting policies, Note 18 contains the disclosure of financing receivables and the disclosure of credit risk is made in Note 34 to the financial statements.	We performed the following procedures to address the key audit matters: • Evaluated the design, implementation and operating effectiveness of key controls over impairment of receivables. • Involved information technology ("IT") specialist to test the general IT controls around systems involved in the impairment of receivables process. • Assessed and evaluated the appropriateness of the Group's ECL model, including updates on forward looking macroeconomic factors and probability-weighted scenario. • Reviewed and tested samples of financing receivables to evaluate if credit staging is appropriately classified in accordance to the Group's definition of significant increase in credit risk. • Reconciled samples of ECL output from the source system to the general ledger.

We have not identified any key matter pertaining to the financial statements of the Group and of the Company for the financial year ended 31 March 2022.

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.

Independent Auditors' Report

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

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 with regards the Group or the Company.

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.

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 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.

Independent Auditors' Report

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

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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

Other Matter

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

Deloitte PLT

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

MAK WAI KIT
Partner - 03546/12/2022 J
Chartered Accountant

30 May 2022

Statements of Comprehensive Income

For The Financial Year Ended 31 March 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Profit income		274,637,355	273,028,738	-	-
Other revenue		24,820,044	20,430,690	35,475,593	25,130,358
Revenue	5	299,457,399	293,459,428	35,475,593	25,130,358
Other income		20,417,779	19,043,800	53,178	98,819
Profit expense applicable to revenue	6	(80,234,300)	(80,398,478)	-	-
Directors' remuneration	7	(982,040)	(940,540)	(725,000)	(683,500)
Staff costs	8	(25,652,972)	(25,317,702)	-	(165,000)
Allowances for impairment loss on receivables, net	9	(11,543,770)	(15,592,404)	-	-
Depreciation of plant and equipment and right-of-use ("ROU") assets	14 - 15	(3,569,027)	(3,152,476)	-	-
Other expenses		(20,398,858)	(19,587,698)	(938,451)	(826,906)
Finance costs	10	(262,609)	(291,267)	-	-
Profit before tax	9	177,231,602	167,222,663	33,865,320	23,553,771
Income tax (expense)/credit	11	(44,062,260)	(42,590,074)	(74,262)	49,382
Profit for the financial year		133,169,342	124,632,589	33,791,058	23,603,153
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:					
Foreign currency translations		1,129	(1,553)	-	-
Other comprehensive income/(loss) for the financial year, net of tax		1,129	(1,553)	-	-
Total comprehensive income for the financial year		133,170,471	124,631,036	33,791,058	23,603,153
Attributable to:					
Owners of the Company		133,169,342	124,632,589		
Earnings per ordinary share (sen):					
Basic	12	18.25	17.62*		
Diluted	12	18.19	17.61*		

* *Restated to reflect retrospective adjustment arising from issuance of 351,470,069 new shares ("Bonus Shares") in accordance with MFRS 133, Earnings Per Share.*

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

Statements of Financial Position

As at 31 March 2022

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Plant and equipment	14	6,353,979	7,316,017	-	-
ROU assets	15	4,026,955	4,793,041	-	-
Investment in subsidiary companies	16	-	-	354,485,812	354,485,812
Goodwill on consolidation	17	47,332,991	47,332,991	-	-
Financing receivables	18	1,558,601,598	1,535,156,873	-	-
Other investments	19	2	2	2	2
Deferred tax assets	20	40,684,293	43,181,286	91,263	153,000
Total Non-Current Assets		1,656,999,818	1,637,780,210	354,577,077	354,638,814
Current Assets					
Financing receivables	18	205,470,567	186,022,876	-	-
Trade receivables	21	53,970,231	54,207,204	-	-
Other receivables, deposits and prepaid expenses	22	8,326,501	14,795,073	47,685	97,221
Amount due from a subsidiary company	23	-	-	9,274,478	10,374,162
Deposits with licensed financial institutions	24	647,587,122	570,983,079	-	-
Cash and bank balances	24	152,924,143	26,917,855	1,210	1,364
Total Current Assets		1,068,278,564	852,926,087	9,323,373	10,472,747
Total Assets		2,725,278,382	2,490,706,297	363,900,450	365,111,561

Statements of Financial Position

As at 31 March 2022

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	25	200,696,865	188,025,513	200,696,865	188,025,513
Treasury shares	26	(4,947,936)	(25,910,249)	(4,947,936)	(25,910,249)
Reserves	28	676,318,786	611,915,368	167,239,212	202,215,417
Total Equity		872,067,715	774,030,632	362,988,141	364,330,681
Non-Current Liabilities					
Payables and accrued expenses	29	780,224	1,695,481	-	-
Hire-purchase payables	30	337,694	307,362	-	-
Financing liabilities	31	1,198,929,194	1,143,782,051	-	-
Lease liabilities	32	2,787,211	3,627,551	-	-
Deferred tax liabilities	20	1,167,038	1,221,076	-	-
Total Non-Current Liabilities		1,204,001,361	1,150,633,521	-	-
Current Liabilities					
Payables and accrued expenses	29	33,728,942	29,291,548	908,034	780,880
Hire-purchase payables	30	246,248	341,048	-	-
Financing liabilities	31	605,047,253	526,837,420	-	-
Lease liabilities	32	840,341	792,808	-	-
Tax liabilities		9,346,522	8,779,320	4,275	-
Total Current Liabilities		649,209,306	566,042,144	912,309	780,880
Total Liabilities		1,853,210,667	1,716,675,665	912,309	780,880
Total Equity and Liabilities		2,725,278,382	2,490,706,297	363,900,450	365,111,561

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

Statements of Changes in Equity

For The Financial Year Ended 31 March 2022

The Group	Note	Share Capital RM	Treasury Shares RM	Non-Distributable Reserves: Employees' Share Scheme ("ESS") RM	Non-Distributable Reserves: Exchange Translation RM	Distributable Reserve: Retained Earnings RM	Sub-total Reserves RM	Total RM
Balance as at 1 April 2020		172,237,774	(25,910,249)	2,005,708	424	525,029,743	527,035,875	673,363,400
Total comprehensive (loss)/ income		-	-	-	(1,553)	124,632,589	124,631,036	124,631,036
Transactions with owners								
Dividends	13	-	-	-	-	(42,784,903)	(42,784,903)	(42,784,903)
Options granted under ESS		-	-	3,033,360	-	-	3,033,360	3,033,360
Issuance of shares pursuant to options exercised	25	15,787,739	-	(2,759,131)	-	2,759,131	-	15,787,739
Cancellation of options		-	-	(144,210)	-	144,210	-	-
Total transactions with owners		15,787,739	-	130,019	-	(39,881,562)	(39,751,543)	(23,963,804)
Balance as at 31 March 2021		188,025,513	(25,910,249)	2,135,727	(1,129)	609,780,770	611,915,368	774,030,632
Balance as at 1 April 2021		188,025,513	(25,910,249)	2,135,727	(1,129)	609,780,770	611,915,368	774,030,632
Total comprehensive income		-	-	-	1,129	133,169,342	133,170,471	133,170,471
Transactions with owners								
Dividends	13	-	-	-	-	(51,069,580)	(51,069,580)	(51,069,580)
Share dividend	13	-	20,962,313	-	-	(20,962,313)	(20,962,313)	-
Options granted under ESS		-	-	3,325,930	-	-	3,325,930	3,325,930
Issuance of shares pursuant to options exercised	25	12,671,352	-	(1,988,345)	-	1,927,255	(61,090)	12,610,262
Cancellation of options		-	-	(7,425)	-	7,425	-	-
Total transactions with owners		12,671,352	20,962,313	1,330,160	-	(70,097,213)	(68,767,053)	(35,133,388)
Balance as at 31 March 2022		200,696,865	(4,947,936)	3,465,887	-	672,852,899	676,318,786	872,067,715

Statements of Changes in Equity

For The Financial Year Ended 31 March 2022

				Non-Distributable Reserve	Distributable Reserve		
		Share Capital	Treasury Shares	ESS	Retained Earnings	Sub-total Reserves	Total
The Company	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as at 1 April 2020		172,237,774	(25,910,249)	2,005,708	216,358,099	218,363,807	364,691,332
Total comprehensive income		-	-	-	23,603,153	23,603,153	23,603,153
Transactions with owners							
Dividends	13	-	-	-	(42,784,903)	(42,784,903)	(42,784,903)
Options granted under ESS		-	-	3,033,360	-	3,033,360	3,033,360
Issuance of shares pursuant to options exercised	25	15,787,739	-	(2,759,131)	2,759,131	-	15,787,739
Cancellation of options		-	-	(144,210)	144,210	-	-
Total transactions with owners		15,787,739	-	130,019	(39,881,562)	(39,751,543)	(23,963,804)
Balance as at 31 March 2021		188,025,513	(25,910,249)	2,135,727	200,079,690	202,215,417	364,330,681
Balance as at 1 April 2021		188,025,513	(25,910,249)	2,135,727	200,079,690	202,215,417	364,330,681
Total comprehensive income		-	-	-	33,791,058	33,791,058	33,791,058
Transactions with owners							
Dividends	13	-	-	-	(51,069,580)	(51,069,580)	(51,069,580)
Share dividend	13		20,962,313	-	(20,962,313)	(20,962,313)	-
Options granted under ESS		-	-	3,325,930	-	3,325,930	3,325,930
Issuance of shares pursuant to options exercised	25	12,671,352	-	(1,988,345)	1,927,045	(61,300)	12,610,052
Cancellation of options		-	-	(7,425)	7,425	-	-
Total transactions with owners		12,671,352	20,962,313	1,330,160	(70,097,423)	(68,767,263)	(35,133,598)
Balance as at 31 March 2022		200,696,865	(4,947,936)	3,465,887	163,773,325	167,239,212	362,988,141

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

Statements of Cash Flows

For The Financial Year Ended 31 March 2022

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	177,231,602	167,222,663	33,865,320	23,553,771
Adjustments for:				
Allowances for impairment loss on receivables, net	11,543,770	15,592,404	-	-
Depreciation of plant and equipment and ROU assets	3,569,027	3,152,476	-	-
Options granted under ESS	3,325,930	3,033,360	-	165,000
Finance costs	262,609	291,267	-	-
Plant and equipment written off	2,324	7,371	-	-
Waiver of debt due by a subsidiary company	-	-	5,086	291,324
Allowance for impairment loss on investment in a subsidiary company	-	-	-	3
Profit and interest income from deposits with licensed financial institutions	(12,239,092)	(12,049,725)	-	-
Gain on disposal of plant and equipment	(176,086)	(53,999)	-	-
Lease payment incentive	-	(17,235)	-	-
Dividends income	-	-	(35,000,000)	(25,000,000)
Interest income on amount due from a subsidiary company	-	-	(31,052)	(77,895)
Operating Profit/(Loss) Before Working Capital Changes	183,520,084	177,178,582	(1,160,646)	(1,067,797)
(Increase)/Decrease in working capital:				
Financing receivables	(54,448,287)	(46,868,539)	-	-
Trade receivables	249,074	(51,184,720)	-	-
Other receivables, deposits and prepaid expenses	7,091,296	(1,144,805)	6,962	(26,443)
Amount due from a subsidiary company	-	-	4,390,280	2,072,988
Increase in working capital:				
Payables and accrued expenses	6,514,582	2,296,285	127,154	248,341
Cash Generated From Operations	142,926,749	80,276,803	3,363,750	1,227,089
Taxes paid	(41,152,928)	(36,840,392)	(8,250)	(16,557)
Taxes refunded	228,720	45	42,574	-
Net Cash Generated From Operating Activities	102,002,541	43,436,456	3,398,074	1,210,532

Statements of Cash Flows

For The Financial Year Ended 31 March 2022

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Profit and interest income from deposits with licensed financial institutions received	12,239,092	12,049,725	-	-
Proceeds from disposal of plant and equipment	180,000	54,000	-	-
Additions to plant and equipment	(2,168,914)	(1,808,384)	-	-
Deposit payment for asset under hire-purchase	(86,592)	(40,551)	-	-
Dividends received	-	-	35,000,000	25,000,000
Net Cash Generated From Investing Activities	10,163,586	10,254,790	35,000,000	25,000,000
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of revolving credits	583,500,000	736,000,000	-	-
Issuance of Sukuk Murabahah ("Sukuk")	310,000,000	220,000,000	-	-
Proceeds from issuance of shares	12,671,352	15,787,739	12,671,352	15,787,739
Drawdown of other financing liabilities	3,506,100	3,030,279	-	-
Drawdown of term financing/loans	-	120,000,000	-	-
Repayment of revolving credits	(494,000,000)	(911,500,000)	-	-
Redemption of Sukuk	(190,000,000)	(95,000,000)	-	-
(Placements)/Withdrawal of deposits, cash and bank balances, net:				
Assigned in favour of the trustees	(114,187,761)	(183,696,259)	-	-
Pledged to licensed financial institutions	(77,643,146)	23,548,651	-	-
Repayment of term financing/loans	(79,156,594)	(117,262,606)	-	-
Dividends paid	(51,069,580)	(42,784,903)	(51,069,580)	(42,784,903)
Repayment of other financing liabilities	(3,506,100)	(3,030,279)	-	-
Repayment of lease liabilities	(792,807)	(731,347)	-	-
Repayment of hire-purchase payables	(384,468)	(205,885)	-	-
Finance costs paid	(262,609)	(291,267)	-	-
Cash settlement for ESS	(61,090)	-	-	-
Net Cash Used In Financing Activities	(101,386,703)	(236,135,877)	(38,398,228)	(26,997,164)
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,779,424	(182,444,631)	(154)	(786,632)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	30,221,979	212,666,610	1,364	787,996
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 24)	41,001,403	30,221,979	1,210	1,364

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

Notes to the Financial Statements
31 March 2022

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 of Directors ("Board") for issuance on 30 May 2022.

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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
MFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021

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

2.2 Standards and Amendments Issued But Not Yet Effective

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

Amendments to:

MFRSs	Annual Improvements to MFRSs 2018-2020 Cycle[1]
MFRS 3	Reference to the Conceptual Framework[1]
MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use[1]
MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract[1]

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

2.2 Standards and Amendments Issued But Not Yet Effective (Cont'd)

Amendments to (Cont'd):

MFRS 101	Classification of Liabilities as Current or Non-current[2] Disclosure of Accounting Policies[2]
MFRS 108	Definition of Accounting Estimates[2]
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] Effective date deferred to a date to be announced by MASB

The Group and the Company will adopt the above standards and 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. SIGNIFICANT 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.

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.

Notes to the Financial Statements

31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

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.

3.3 Revenue Recognition

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

Revenue of the Company consists of dividend income from subsidiary companies, strategic management fee and profit/interest income from deposits with licensed financial institutions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Revenue Recognition (Cont'd)

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 are recognised at a point in time when services are rendered.

Revenue from other sources are recognised as follows:

(a) Profit/interest income

Profit/interest income is recognised using the effective profit/interest method.

(b) Overdue profit/interest income

Overdue profit/interest income is recognised upon collection.

(c) Dividend income

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

(d) 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.

Subsequent to initial recognition, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

Notes to the Financial Statements
31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Plant and Equipment and Depreciation (Cont'd)

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

The ROU assets are subject to impairment (see Note 3.9(b) on Impairment of Other Non-Financial Assets).

Notes to the **Financial Statements**
31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases and Hire-Purchase (Cont'd)

(a) Group as a lessee (Cont'd)

(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 do 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 terms 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 cost less 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.

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.

Notes to the Financial Statements
31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Goodwill on Consolidation (Cont'd)

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 intial 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial Assets (Cont'd)

(a) Classification and subsequent measurement (Cont'd)

(ii) FVOCI

Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and for selling the financial assets, where those cash flows represent SPPI, are measured at FVOCI.

Subsequent to initial recognition, financial assets at FVOCI are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses and profit/interest income are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) FVTPL

Financial assets measured at FVTPL are financial assets that do not meet the criteria for amortised cost or FVOCI. On initial recognition, the Group may irrevocably designates a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

(b) Debt instruments

Debt instruments are those instruments that meet the definition of financial liability from the issuers' perspective. The classification and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

(c) Equity instruments

Equity instruments are financial assets that meet the definition of equity, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest.

The Group subsequently measures all equity instruments at FVTPL, except where the Group has elected, at initial recognition, to irrevocably designate an equity instrument at FVOCI.

When the election to FVOCI is made, fair value gains or losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal.

Dividend representing the returns on such investments, continues to be recognised in profit or loss when the Group's right to receive such payments is established.

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.

Notes to the Financial Statements
31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of Assets

(a) Financial assets

Expected credit loss ("ECL") are derived from unbiased and probability-weighted credit losses determine 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 includes probability-weighted scenarios based on available forecasts.

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.

Notes to the Financial Statements
31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of Assets (Cont'd)

(a) Financial assets (Cont'd)

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 34(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 34(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.

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 with maturities of three (3) months or less, which are readily convertible to known cash with insignificant risk of changes in value.

Notes to the Financial Statements
31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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) Financial liabilities at FVTPL

The Group and the Company have not designated any financial liabilities at FVTPL.

(b) 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.

3.12 Financing Liabilities Costs

Financing liabilities costs are recognised in profit or loss in the period they are incurred. Financing liabilities costs consist of profit/interest expense and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.13 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.

Notes to the Financial Statements
31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 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 by 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.

3.15 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.

3.16 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.

Notes to the Financial Statements
31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Employee Benefits (Cont'd)

(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.

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.

3.17 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 currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Foreign Currencies (Cont'd)

(b) Foreign currency transactions and balances (Cont'd)

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.

(c) Foreign operation

The results and financial position of a subsidiary company with functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the end of the reporting period;

(ii) items of income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and

(iii) all resulting exchange differences are recognised in other comprehensive income through the exchange translation reserve within equity.

Exchange differences arising from monetary items that form part of the Company's net investment in a foreign operation and that are denominated in functional currency other than the currency of the Company or of the foreign operation are recognised in profit or loss of the Company or of the foreign operation, as appropriate. In the Group's financial statements, such exchange differences are recognised initially in other comprehensive income and accumulated in equity under exchange translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and taken to equity under exchange translation reserve will be reclassified to profit or loss.

3.18 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.

3.19 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.

Notes to the Financial Statements
31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Contingencies

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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, including impact of COVID-19 pandemic.

(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 includes 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. The Group also consider the impact arising from COVID-19 pandemic occurred since financial year ended 31 March 2020. 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 2022

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit income:				
Consumer financing	265,092,637	256,184,113	-	-
Murabahah financing	5,500,000	2,648,514	-	-
	270,592,637	258,832,627	-	-
Interest income:				
Consumer financing	3,851,046	13,911,167	-	-
Factoring and confirming	193,672	284,944	-	-
	4,044,718	14,196,111	-	-
	274,637,355	273,028,738	-	-
Other revenue:				
Shariah fee income from:				
Consumer financing	14,523,695	10,862,449	-	-
Processing and administration of payroll collection	8,827,390	8,432,346	-	-
Wakalah fee	1,106,720	1,038,400	-	-
Murabahah financing	250,000	-	-	-
	24,707,805	20,333,195	-	-
Factoring and confirming	85,556	66,526	-	-
Processing and administration of payroll collection	26,683	30,969	-	-
Dividend income from subsidiary companies	-	-	35,000,000	25,000,000
Strategic management fee to a subsidiary company	-	-	475,593	130,358
	24,820,044	20,430,690	35,475,593	25,130,358
	299,457,399	293,459,428	35,475,593	25,130,358

Notes to the Financial Statements
31 March 2022

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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Shariah fee income from:				
Consumer financing	14,523,695	10,862,449	-	-
Processing and administration of payroll collection	8,827,390	8,432,346	-	-
Wakalah fee	1,106,720	1,038,400	-	-
Murabahah financing	250,000	-	-	-
	24,707,805	20,333,195	-	-
Factoring and confirming	85,556	66,526	-	-
Processing and administration of payroll collection	26,683	30,969	-	-
Strategic management fee to a subsidiary company	-	-	475,593	130,358
	24,820,044	20,430,690	475,593	130,358

6. PROFIT EXPENSE APPLICABLE TO REVENUE

	The Group	
	2022	2021
	RM	RM
Profit expense on:		
Sukuk	60,442,804	58,805,821
Term financing	8,438,810	10,861,525
Revolving credits	4,786,764	4,084,246
	73,668,378	73,751,592
Interest expense on:		
Revolving credits	5,885,895	4,566,996
Term loans	666,494	2,064,783
Bankers' acceptances	13,528	15,104
Bank overdrafts	5	3
	6,565,922	6,646,886
	80,234,300	80,398,478

Notes to the Financial Statements
31 March 2022

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Directors of the Company:				
Fees	675,000	637,500	675,000	637,500
Other emoluments	266,000	262,000	50,000	46,000
Defined contributions	41,040	41,040	-	-
	982,040	940,540	725,000	683,500
Benefits-in-kind	254,424	248,318	-	-
Total directors'remuneration	1,236,464	1,188,858	725,000	683,500

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		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Salaries	17,375,523	17,696,873	-	-
Options granted under ESS	3,325,930	3,033,360	-	165,000
Defined contributions	2,381,724	2,385,190	-	-
Social security contributions	144,377	141,100	-	-
Others	2,425,418	2,061,179	-	-
	25,652,972	25,317,702	-	165,000

Notes to the Financial Statements

31 March 2022

9. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit income from deposits with licensed islamic financial institutions	(11,945,374)	(11,312,689)	-	-
Interest income from deposits with licensed financial institutions	(293,718)	(737,036)	-	-
	(12,239,092)	(12,049,725)	-	-
Bad debt recoveries	(7,157,292)	(6,232,051)	-	-
Gain on disposal of plant and equipment	(176,086)	(53,999)	-	-
Interest income on amount due from a subsidiary company	-	-	(31,052)	(77,895)
Allowances for impairment loss on receivables, net	11,543,770	15,592,404	-	-
Facility fee	5,427,783	4,295,182	-	-
Collection fee	3,375,689	3,442,601	-	-
Legal and professional fee	2,358,139	1,798,749	489,632	189,979
Management fee payable to a related company (Note 23)	1,420,100	1,420,100	-	-
Auditors' remuneration:				
Statutory audit	305,400	294,400	95,000	87,000
Non-statutory audit	10,000	105,000	10,000	10,000
Internal audit fee payable to a related company (Note 23)	278,600	263,700	102,550	72,700
Rental of:				
Disaster recovery centre	265,229	93,720	-	-
Warehouse	82,131	79,370	-	-
Expenses relating to:				
Leases of low value assets	65,910	80,270	-	-
Short-term leases	-	4,900	-	-
Plant and equipment written off	2,324	7,371	-	-

10. FINANCE COSTS

	The Group	
	2022	2021
	RM	RM
Interest expense on:		
Lease liabilities	230,715	274,831
Hire-purchase payables	31,894	16,436
	262,609	291,267

Notes to the Financial Statements

31 March 2022

11. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Income tax payable:				
Current year	42,256,227	40,975,464	12,525	-
(Over)/Under provision in prior years	(636,922)	(349,426)	-	418
	41,619,305	40,626,038	12,525	418
Deferred tax (Note 20):				
Current year	2,244,708	1,924,295	(19,263)	(52,200)
Under provision in prior years	198,247	39,741	81,000	2,400
	2,442,955	1,964,036	61,737	(49,800)
Income tax expense/(credit)	44,062,260	42,590,074	74,262	(49,382)

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

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit before tax	177,231,602	167,222,663	33,865,320	23,553,771
Tax at applicable statutory tax rate of 24% (2021: 24%)	42,535,584	40,133,439	8,127,677	5,652,905
Effect of different tax rates in foreign jurisdiction	-	(18,470)	-	-
Tax effects of:				
Expenses not deductible for tax purposes	2,076,613	2,852,434	325,255	236,199
Income not subject to tax	(56,168)	(131,556)	(8,400,039)	(6,001,600)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	(55,094)	63,912	(59,631)	60,296
Tax at effective tax rate	44,500,935	42,899,759	(6,738)	(52,200)
(Over)/Under provision in prior years	(636,922)	(349,426)	-	418
Under provision of deferred tax in prior years	198,247	39,741	81,000	2,400
Income tax expense/(credit)	44,062,260	42,590,074	74,262	(49,382)

The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the year of assessment 2022. The computation of deferred tax as at 31 March 2022 uses the same statutory tax rate. Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements

31 March 2022

12. EARNINGS PER ORDINARY SHARE ("EPS")

(a) Basic EPS

For the current financial year, the weighted average number of ordinary shares in issue take into account the effects of the distribution of treasury shares and Bonus Shares.

Meanwhile, the weighted average number of ordinary shares in issue for the previous financial year have been restated to reflect the retrospective adjustment arising from the Bonus Shares in accordance with MFRS 133, *Earnings per Share*.

	The Group	
	2022	**2021**
	RM	**RM**
Profit for the financial year attributable to ordinary equity holders of the Company	133,169,342	124,632,589
Weighted average number of ordinary shares in issue:		
Balance net of treasury shares as at beginning of financial year	360,050,011	350,332,911
Effects of:		
- Bonus Shares	351,470,069	351,470,069
- Distribution of treasury shares as share dividend, net of Bonus Shares	14,389,029	-
- Shares pursuant to ESS exercised	3,942,962	5,434,745
Balance as at end of financial year	729,852,071	707,237,725
Basic EPS (sen)	18.25	17.62

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	
	2022	**2021**
	RM	**RM**
Profit for the financial year attributable to ordinary equity holders of the Company	133,169,342	124,632,589
Weighted average number of ordinary shares in issue	729,852,071	707,237,725
Effects of dilution of ESS	2,385,581	420,242
Adjusted weighted average number of ordinary shares in issue	732,237,652	707,657,967
Diluted EPS (sen)	18.19	17.61

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 2022

13. DIVIDENDS

	The Company	
	2022	**2021**
	RM	**RM**
Recognised during the financial year:		
Second interim dividend for 2020:		
6.00 sen per ordinary share, paid on 27 July 2020	-	21,335,329
First interim dividend for 2021:		
6.00 sen per ordinary share, paid on 7 December 2020	-	21,449,574
Second interim dividend for 2021:		
7.00 sen per ordinary share, paid on 29 July 2021	25,489,479	-
First interim dividend for 2022:		
7.00 sen per ordinary share, paid on 6 December 2021	25,580,101	-
	51,069,580	42,784,903
Distribution of 18,291,722 treasury shares as share dividend on the basis of one (1) treasury share for every twenty (20) ordinary shares held on 5 January 2022 and credited on 17 January 2022	20,962,313	-
	72,031,893	42,784,903

The Board has declared a second interim dividend of 4.00 sen per ordinary share ("2nd interim dividend") in respect of financial year ended 31 March 2022, to be paid on 30 June 2022. The dividend payable is estimated at RM29,278,937 based on the latest number of ordinary shares, net of treasury shares.

The entitlement date for the dividend payment is 17 June 2022.

This 2nd interim dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2023.

Total dividend declared (excluding share dividend) in respect of the financial year ended 31 March 2022 is 11.00 sen. This translates to a dividend payout ratio of 41.2%.

The Board does not recommend any final dividend for the financial year ended 31 March 2022.

Notes to the Financial Statements
31 March 2022

14. PLANT AND EQUIPMENT

The Group	Office equipment, furniture and fittings RM	Computers and IT equipment RM	Motor vehicles RM	Office renovation RM	Work-in-progress RM	Total RM
Cost						
Balance as at 1 April 2020	1,816,702	19,639,543	-	1,821,986	3,023,877	26,302,108
Additions	162,863	612,548	-	211,090	972,157	1,958,658
Write off	(1,800)	(419,969)	-	(11,468)	-	(433,237)
Disposals	-	-	(131,084)	-	-	(131,084)
Reclassification	157,120	624,956	-	412,156	(1,194,232)	-
Reclassification from ROU assets upon expiration of lease contracts (Note 15)	-	-	262,167	-	-	262,167
Balance as at 31 March 2021/ 1 April 2021	2,134,885	20,457,078	131,083	2,433,764	2,801,802	27,958,612
Additions	142,758	1,654,569	-	248,599	210,894	2,256,820
Write off	(46,718)	(64,933)	-	(141,641)	-	(253,292)
Disposals	-	-	(354,252)	-	-	(354,252)
Reclassification	148,622	1,321,119	-	-	(2,286,012)	(816,271)
Reclassification from ROU assets upon expiration of lease contracts (Note 15)	-	-	223,169	-	-	223,169
Balance as at 31 March 2022	2,379,547	23,367,833	-	2,540,722	726,684	29,014,786
Accumulated depreciation						
Balance as at 1 April 2020	1,300,140	16,843,774	-	860,076	-	19,003,990
Charge for the financial year	185,834	1,425,506	-	322,049	-	1,933,389
Write off	(1,799)	(419,830)	-	(4,237)	-	(425,866)
Disposals	-	-	(131,083)	-	-	(131,083)
Reclassification from ROU assets upon expiration of lease contracts (Note 15)	-	-	262,165	-	-	262,165
Balance as at 31 March 2021/ 1 April 2021	1,484,175	17,849,450	131,082	1,177,888	-	20,642,595
Charge for the financial year	265,709	1,784,453	-	350,100	-	2,400,262
Write off	(44,450)	(64,914)	-	(141,604)	-	(250,968)
Disposals	-	-	(350,338)	-	-	(350,338)
Reclassification from ROU assets upon expiration of lease contracts (Note 15)	-	-	219,256	-	-	219,256
Balance as at 31 March 2022	1,705,434	19,568,989	-	1,386,384	-	22,660,807
Carrying amount						
Balance as at 31 March 2021	650,710	2,607,628	1	1,255,876	2,801,802	7,316,017
Balance as at 31 March 2022	674,113	3,798,844	-	1,154,338	726,684	6,353,979

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14. PLANT AND EQUIPMENT (CONT'D)

During the financial year, the Group acquired plant and equipment at an aggregate cost of RM2,256,820 (2021: RM1,958,658) as follows:

	The Group 2022 RM	2021 RM
Acquired via:		
Cash payments	2,168,914	1,808,384
Payables	87,906	150,274
	2,256,820	1,958,658

15. ROU ASSETS

The carrying amounts of ROU assets recognised and movements during the financial year are as follows:

The Group	Office floors RM	Motor vehicles RM	Total RM
Cost			
Balance as at 1 April 2020	5,385,707	2,001,865	7,387,572
Additions	4,816	180,551	185,367
Reclassification to plant and equipment upon expiration of lease contracts (Note 14)	-	(262,167)	(262,167)
Balance as at 31 March 2021/1 April 2021	5,390,523	1,920,249	7,310,772
Additions	-	406,592	406,592
Reclassification to plant and equipment upon expiration of lease contracts (Note 14)	-	(223,169)	(223,169)
Balance as at 31 March 2022	5,390,523	2,103,672	7,494,195
Accumulated depreciation			
Balance as at 1 April 2020	294,341	1,266,468	1,560,809
Charge for the financial year	853,792	365,295	1,219,087
Reclassification to plant and equipment upon expiration of lease contracts (Note 14)	-	(262,165)	(262,165)
Balance as at 31 March 2021/1 April 2021	1,148,133	1,369,598	2,517,731
Charge for the financial year	855,263	313,502	1,168,765
Reclassification to plant and equipment upon expiration of lease contracts (Note 14)	-	(219,256)	(219,256)
Balance as at 31 March 2022	2,003,396	1,463,844	3,467,240
Carrying amount			
Balance as at 31 March 2021	4,242,390	550,651	4,793,041
Balance as at 31 March 2022	3,387,127	639,828	4,026,955

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15. ROU ASSETS (CONT'D)

The following are the amounts recognised in profit or loss:

	The Group	
	2022	2021
	RM	RM
Depreciation of ROU assets	1,168,765	1,219,087
Interest expense on lease liabilities	230,715	274,831
Expenses relating to:		
Leases of low value assets	65,910	80,270
Short-term leases	-	4,900
	1,465,390	1,579,088

The Group leases office floors and motor vehicles under hire purchase arrangement with average lease term of five (5) years. The Group also has certain leases with lease terms of twelve (12) months or less and with low value. The Group applies the recognition exemptions for these leases as permitted by MFRS 16.

The maturity analysis of lease liabilities is presented in Note 32.

16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2022	2021
	RM	RM
Unquoted shares, at cost	354,485,812	354,525,815
Less: Allowance for impairment	-	(40,003)
	354,485,812	354,485,812

Movement in allowance for impairment:

	The Company	
	2022	2021
	RM	RM
Balance as at 1 April	40,003	19,992,187
Addition	-	3
Written off	(40,003)	(19,952,187)
Balance as at 31 March	-	40,003

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16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of the subsidiary companies are as follows:

	Place of Business/ Country of Incorporation	Effective Ownership Interest and Voting Interest 2022 %	2021 %	Principal Activities
Direct subsidiary companies				
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
Strategi Interaksi Sdn. Bhd. ("SISB")	Malaysia	-	100	De-registered from the Companies Commission of Malaysia
RCE Credit Pte. Ltd. ("RCPL")	Singapore	-	100	De-registered from the Register of Companies, Singapore
Indirect subsidiary companies				
RCE Equity Sdn. Bhd.π	Malaysia	100	100	Provision of financial administrative services
RCE Sales Sdn. Bhd.π	Malaysia	100	100	Provision of shariah-compliant and conventional financing services
RCE Trading Sdn. Bhd. ("RCET")π	Malaysia	100	100	Investment of securities
Al Dzahab Assets Berhad ("ADA")π	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
Zamarad Assets Berhad ("ZAB")π	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
RCE Commerce Sdn. Bhd.π	Malaysia	100	100	Dormant

\# Audited by another firm of auditors

π Held indirectly through RCEM

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16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

During the financial year:

(a) RCPL, a dormant direct subsidiary of the Company has been struck off and de-registered from the Register of Companies pursuant to Section 344A, Chapter 50 of the Singapore Companies Act on 8 April 2021; and

(b) SISB, a dormant direct 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 on 21 July 2021.

In the previous financial year, RCE Synergy Sdn. Bhd., a dormant direct subsidiary company of the Company was struck off and de-registered from the Companies Commission of Malaysia pursuant to Section 551(3) of the Companies Act 2016 on 16 March 2021.

The above have no material financial effects to the Group.

17. GOODWILL ON CONSOLIDATION

	The Group	
	2022	2021
	RM	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, are 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.

The carrying amount of goodwill allocated to each CGU is as follows:

	The Group	
	2022	2021
	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.

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17. GOODWILL ON CONSOLIDATION (CONT'D)

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 7.98% (2021: 7.76%) 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 6.69% (2021: 6.59%) 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.

18. FINANCING RECEIVABLES

	Receivables		
	Financing	**Loans**	**Total**
The Group	**RM**	**RM**	**RM**
2022			
At amortised cost, gross	1,857,221,313	21,957,789	1,879,179,102
Less: Allowances for impairment	(109,802,342)	(5,304,595)	(115,106,937)
	1,747,418,971	16,653,194	1,764,072,165
Amount receivable within one (1) year	(198,478,181)	(6,992,386)	(205,470,567)
Non-current portion	1,548,940,790	9,660,808	1,558,601,598
2021			
At amortised cost, gross	1,812,832,495	32,482,541	1,845,315,036
Less: Allowances for impairment	(116,514,229)	(7,621,058)	(124,135,287)
	1,696,318,266	24,861,483	1,721,179,749
Amount receivable within one (1) year	(177,002,913)	(9,019,963)	(186,022,876)
Non-current portion	1,519,315,353	15,841,520	1,535,156,873

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18. FINANCING RECEIVABLES (CONT'D)

The non-current portion of the financing receivables are as follows:

The Group	Receivables Financing RM	Receivables Loans RM	Total RM
2022			
Amount receivables:			
Within one (1) to two (2) years	235,456,462	5,136,506	240,592,968
Within two (2) to five (5) years	671,997,320	1,919,922	673,917,242
After five (5) years	641,487,008	2,604,380	644,091,388
	1,548,940,790	9,660,808	1,558,601,598
2021			
Amount receivables:			
Within one (1) to two (2) years	215,265,698	5,553,566	220,819,264
Within two (2) to five (5) years	666,261,769	7,256,232	673,518,001
After five (5) years	637,787,886	3,031,722	640,819,608
	1,519,315,353	15,841,520	1,535,156,873

In the previous financial year, 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 (collectively referred to as "Shariah-compliant Security Agreements") between the corporations and the Group.

Loans and receivables which arose from the provision of the conventional financing in the previous financial years are governed under Facility Agreements, Assignment Agreements and the Power of Attorney (collectively referred to as "Security Agreements") between the corporations or cooperatives and the Group.

The information on the financial risk of financing receivables are disclosed in Note 34.

Included in financing receivables are:

	The Group 2022 RM	The Group 2021 RM
Assigned in favour of the trustees	1,131,864,415	1,003,733,888
Pledged to licensed financial institutions	453,416,673	459,959,630
	1,585,281,088	1,463,693,518

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18. FINANCING RECEIVABLES (CONT'D)

Movement in allowances for impairment:

	Stage 1 RM	Stage 2 RM	Stage 3 RM	Total RM
Balance as at 1 April 2020	49,545,770	5,397,493	75,269,262	130,212,525
Changes in the ECL:				
Transfer to Stage 1	555,655	(1,266,801)	(5,248,871)	(5,960,017)
Transfer to Stage 2	(619,745)	3,041,133	(2,357,538)	63,850
Transfer to Stage 3	(1,295,245)	(1,938,573)	37,208,891	33,975,073
Net adjustment of allowances for impairment	(1,359,335)	(164,241)	29,602,482	28,078,906
New financial assets originated or purchased	9,177,370	-	-	9,177,370
Financial assets derecognised	(2,768,365)	(275,051)	(4,517,185)	(7,560,601)
Changes in risk parameters	(8,193,109)	(928,213)	(4,970,761)	(14,092,083)
Written off	-	-	(21,680,830)	(21,680,830)
Balance as at 31 March 2021/1 April 2021	46,402,331	4,029,988	73,702,968	124,135,287
Changes in the ECL:				
Transfer to Stage 1	386,212	(932,410)	(4,726,948)	(5,273,146)
Transfer to Stage 2	(345,983)	1,916,698	(2,097,351)	(526,636)
Transfer to Stage 3	(1,063,484)	(1,228,292)	33,881,872	31,590,096
Net adjustment of allowances for impairment	(1,023,255)	(244,004)	27,057,573	25,790,314
New financial assets originated or purchased	9,059,399	-	-	9,059,399
Financial assets derecognised	(2,408,093)	(165,103)	(4,090,809)	(6,664,005)
Changes in risk parameters	(10,445,336)	(824,150)	(5,360,351)	(16,629,837)
Written off	-	-	(20,584,221)	(20,584,221)
Balance as at 31 March 2022	41,585,046	2,796,731	70,725,160	115,106,937

The information on the credit quality analysis and write off of financing receivables are disclosed in Note 34(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.

19. OTHER INVESTMENTS

	The Group and The Company 2022 RM	2021 RM
Investments, at FVTPL		
Association memberships	2	2

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20. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Balance as at 1 April	41,960,210	43,924,246	153,000	103,200
Recognised in profit or loss (Note 11)	(2,442,955)	(1,964,036)	(61,737)	49,800
Balance as at 31 March	39,517,255	41,960,210	91,263	153,000

Presented after appropriate offsetting as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax assets	40,684,293	43,181,286	91,263	153,000
Deferred tax liabilities	(1,167,038)	(1,221,076)	-	-
	39,517,255	41,960,210	91,263	153,000

(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	Payables	Other temporary differences	Total
	RM	RM	RM	RM
Balance as at 1 April 2020	41,738,767	877,710	2,784,155	45,400,632
Recognised in profit or loss	(3,023,455)	413,086	391,023	(2,219,346)
Balance as at 31 March 2021/1 April 2021	38,715,312	1,290,796	3,175,178	43,181,286
Recognised in profit or loss	(3,817,711)	319,565	1,001,153	(2,496,993)
Balance as at 31 March 2022	34,897,601	1,610,361	4,176,331	40,684,293

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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 2020	(237,431)	(1,238,955)	(1,476,386)
Recognised in profit or loss	47,098	208,212	255,310
Balance as at 31 March 2021/1 April 2021	(190,333)	(1,030,743)	(1,221,076)
Recognised in profit or loss	(150,303)	204,341	54,038
Balance as at 31 March 2022	(340,636)	(826,402)	(1,167,038)

Deferred tax assets of the Company:

	Other temporary differences RM
Balance as at 1 April 2020	103,200
Recognised in profit or loss	49,800
Balance as at 31 March 2021/1 April 2021	153,000
Recognised in profit or loss	(61,737)
Balance as at 31 March 2022	91,263

(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		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unused tax losses	2,271,600	2,501,159	-	248,461
Unabsorbed capital allowances	2,165,990	2,165,990	-	-
	4,437,590	4,667,149	-	248,461

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20. DEFERRED TAX (CONT'D)

(c) Cont'd

In accordance with the provision in Finance Act 2021 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.

The unused tax losses are available for offset against future taxable profits of the Group which will expire in the following financial years:

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
2029	2,203,600	2,203,600	-	-
2030	18,184	18,184	-	-
2031	15,786	15,786	-	-
2032	15,128	263,589	-	248,461
2033	18,902	-	-	-
	2,271,600	2,501,159	-	248,461

21. TRADE RECEIVABLES

	The Group	
	2022	2021
	RM	RM
Financing receivables	52,652,055	52,648,514
Confirming receivables	1,616,941	2,475,431
Factoring receivables	1,262,026	895,170
	55,531,022	56,019,115
Less: Allowances for impairment	(1,560,791)	(1,811,911)
Trade receivables, net	53,970,231	54,207,204

In the previous financial year, 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.

The Murabahah financing bears profit rate at 11.00% (2021: 11.00%) per annum with full repayment of principal and profit at the end of the tenure.

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21. TRADE RECEIVABLES (CONT'D)

During the financial year, the tenure of the Murabahah financing has been extended for another six (6) months with the following salient terms:

(a) full settlement of RM5.5 million accrued profit in three (3) monthly instalments; and

(b) collateral securing the Murabahah financing remains in the Group's custody until the full settlement is made.

For factoring and confirming receivables, the credit period granted by the Group ranges from 90 to 150 (2021: 90 to 150) days.

As at reporting date, there is significant concentration of credit risk arising from the amount due from one (1) (2021: one (1)) major customer amounting to 97.56% (2021: 97.12%) 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 2020	59,298	1,763,801	1,823,099
Charge for the financial year	30,930	-	30,930
Changes in risk parameters	(30,775)	(11,343)	(42,118)
Balance as at 31 March 2021/1 April 2021	59,453	1,752,458	1,811,911
Charge for the financial year	7,034	-	7,034
Changes in risk parameters	(19,135)	-	(19,135)
Written off	-	(239,019)	(239,019)
Balance as at 31 March 2022	47,352	1,513,439	1,560,791

The information on the credit quality analysis and write off of trade receivables are disclosed in Note 34(b).

22. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	3,814,065	3,882,469	19,444	10,933
Collections in transit	2,132,709	8,625,744	-	-
	5,946,774	12,508,213	19,444	10,933
Prepaid expenses	1,900,047	1,665,598	11,684	11,352
Refundable deposits	462,793	476,480	-	15,805
Tax recoverable	16,887	144,782	16,557	59,131
	8,326,501	14,795,073	47,685	97,221

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23. RELATED PARTY TRANSACTIONS

The outstanding balances arising from related party transactions as at the reporting date are as below:

	The Company	
	2022	2021
	RM	RM
Amount due from a subsidiary company	9,274,478	10,374,162

The amount due from a subsidiary company arose mainly from advances given, are unsecured, bear interest rate at 0.25% (2021: 0.25% to 1.30%) 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:

Name of related parties	Relationship
AmFunds Management Berhad ("AFMB") AmBank (M) Berhad ("AMB") AmBank Islamic Berhad ("AIB") AmGeneral Insurance Berhad ("AGIB") MTrustee Berhad ("MTB")	A company in which a deemed substantial shareholder of the Company has indirect interest and certain directors of the Company have directorship
Corporateview Sdn. Bhd. ("CVSB") Harpers Travel (Malaysia) Sdn. Bhd. ("HTSB") Melawangi Sdn. Bhd. ("MSB")	Subsidiary companies of Amcorp Group Berhad, the intermediate holding company of the Company
AmInvestment Bank Berhad ("AIBB")	A company in which a deemed substantial shareholder and a director of the Company have substantial interest or directorship
AON Insurance Brokers (M) Sdn. Bhd. ("AIBM")	A company in which certain directors of the Company have directorship

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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 Company	
	2022	2021
	RM	RM
Direct subsidiary companies:		
Interest income on amount due from RCEM	(31,052)	(77,895)
Strategic management fee receivable from RCEM	(475,593)	(130,358)

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other related parties:				
Profit/interest income receivable from deposits placed with:				
AIB	(11,191,707)	(10,352,732)	-	-
AFMB	(139,329)	(736,997)	-	-
Profit/interest expense payable to:				
AMB	2,249,620	3,403,422	-	-
AIB	996,717	2,141,806	-	-
Fee payable to CVSB:				
Management fee (Note 9)	1,420,100	1,420,100	-	-
Internal audit fee (Note 9)	278,600	263,700	102,550	72,700
Placement fee payable to AIBB	766,733	544,133	-	-
Insurance premium and brokerage fee payable to:				
AIBM	620,809	635,459	-	-
AGIB	28,049	30,596	-	-
Professional fee payable to AIBB	120,729	85,564	120,729	85,564
Agency fee payable to AIBB	92,170	78,820	-	-
Rental payable to CVSB	46,860	97,320	-	-
Security trustee fee payable to MTB	35,000	35,000	-	-
Contribution on holiday home payable to MSB	22,511	21,855	-	-

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23. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Short-term employees' benefits	7,355,093	6,136,148	725,000	683,500
Options granted under ESS	1,131,824	595,980	-	165,000
Defined contribution plan	914,526	754,043	-	-
	9,401,443	7,486,171	725,000	848,500

24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deposits with licensed financial institutions:				
- Islamic	647,576,318	543,577,515	-	-
- Conventional	10,804	27,405,564	-	-
	647,587,122	570,983,079	-	-
Cash and bank balances with licensed financial institutions:				
- Islamic	115,189,807	22,591,184	-	-
- Conventional	37,734,336	4,326,671	1,210	1,364
	152,924,143	26,917,855	1,210	1,364
	800,511,265	597,900,934	1,210	1,364
Less: Deposits, cash and bank balances				
Assigned in favour of the trustees	(652,058,866)	(537,871,105)	-	-
Pledged to licensed financial institutions:				
- Islamic	(70,636,991)	(26,324,420)	-	-
- Conventional	(36,814,005)	(3,483,430)	-	-
	(107,450,996)	(29,807,850)	-	-
	(759,509,862)	(567,678,955)	-	-
	41,001,403	30,221,979	1,210	1,364

Deposits with licensed financial institutions of the Group have a weighted average remaining maturity period of 98 (2021: 89) days. The information on weighted average effective profit rate ("WAEPR") is disclosed in Note 34.

Notes to the **Financial Statements**
31 March 2022

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	
	2022	**2021**
	RM	**RM**
Deposits and bank balances placed with:		
AIB	555,227,542	549,094,602
AMB	31,698,336	1,087,521
AFMB	10,804	27,405,564
	586,936,682	577,587,687

25. SHARE CAPITAL

	The Group and The Company			
	2022	**2021**	**2022**	**2021**
	No. of shares		**RM**	**RM**
Ordinary shares				
Balance as at 1 April	382,655,236	372,938,136	188,025,513	172,237,774
Issuances of:				
Bonus Shares	351,470,069	-	-	-
Shares pursuant to options exercised	5,861,727	9,717,100	12,671,352	15,787,739
Balance as at 31 March	739,987,032	382,655,236	200,696,865	188,025,513

During the financial year, the total number of issued shares of the Company was increased from 382,655,236 to 739,987,032 by way of issuances of:

(a) 351,470,069 Bonus Shares on the basis of nineteen (19) Bonus Shares for every twenty-one (21) ordinary shares; and

(b) 5,861,727 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.

In the previous financial year, the total number of issued shares of the Company was increased from 372,938,136 to 382,655,236 by way of the issuance of 9,717,100 new ordinary shares pursuant to options exercised.

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.

Notes to the Financial Statements
31 March 2022

26. TREASURY SHARES

	The Group and The Company			
	2022	2021	2022	2021
	No. of shares		RM	RM
Balance as at 1 April	22,605,225	22,605,225	25,910,249	25,910,249
Distribution as share dividend	(18,291,722)	-	(20,962,313)	-
Issuance of Bonus Shares	3,902,693	-	-	-
Balance as at 31 March	8,216,196	22,605,225	4,947,936	25,910,249

The shareholders of the Company, by a resolution passed at an annual general meeting held on 23 September 2021, 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.

During the financial year, the total number of treasury shares of the Company was reduced from 22,605,225 to 8,216,196 by way of:

(a) distribution of 18,291,722 treasury shares as share dividend on the basis of one (1) treasury share for every twenty (20) ordinary shares; and

(b) receipt of 3,902,693 Bonus Shares pursuant to the bonus issue which are held as treasury shares by the Company.

There were no repurchases of the Company's shares from the open market for the financial years ended 31 March 2022 and 31 March 2021.

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. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended except for distribution as share dividend.

As at 31 March 2022, the number of ordinary shares, net of treasury shares is 731,770,836 shares.

27. ESS

The ESS approved by the shareholders at the Extraordinary General Meeting held on 2 September 2015 was governed by the By-Laws. The ESS was implemented on 31 December 2015, 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 was subsequently terminated on 20 October 2020 and replaced with a new ESS.

The new ESS 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.

Notes to the Financial Statements
31 March 2022

27. ESS (CONT'D)

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 weighted average market price of the Company's shares immediately preceding the date of offer.

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

<u>Before bonus issue adjustment:</u>

			ESS options				
Grant date	**Expiry date**	**Option price RM**	**Balance as at 1.04.2021**	**Granted**	**Exercised**	**Cancelled**	**Balance as at 6.01.2022**
14.12.2020	13.12.2022	2.17	6,471,900	-	(5,815,000)	(22,500)	634,400
21.10.2021	2.01.2024	3.00	-	9,068,000	-	(79,000)	8,989,000
			6,471,900	9,068,000	(5,815,000)	(101,500)	9,623,400
Weighted average option price		(RM)	2.17	3.00	2.17	2.82	2.95
Weighted average share price		(RM)			2.98		
Weighted average of remaining contractual life		(days)					676

Notes to the Financial Statements
31 March 2022

27. ESS (CONT'D)

After bonus issue adjustment:

Grant date	Expiry date	Option price RM	Balance as at 6.01.2022	Adjustment*	Exercised	Cancelled	Balance as at 31.03.2022
					ESS options		
14.12.2020	13.12.2022	1.13	634,400	573,966	(46,727)	-	1,161,639
21.10.2021	2.01.2024	1.57	8,989,000	8,132,751	(315,569)	-	16,806,182
			9,623,400	8,706,717	(362,296)	-	17,967,821
Weighted average option price		(RM)	1.54	1.54	1.51	-	1.54
Weighted average share price		(RM)			1.76		
Weighted average of remaining contractual life		(days)					617

* The number of options and price have been adjusted in accordance with By-Laws 15.1 and 15.5(b) arising from issuance of Bonus Shares.

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 1.04.2020	Granted	Exercised	Cancelled	Balance as at 31.03.2021
			ESS implemented and terminated on 31 December 2015 and 20 October 2020				
					ESS options		
4.07.2018	20.10.2020	1.37	1,943,600	-	(1,789,600)	(154,000)	-
29.05.2019	20.10.2020	1.45	5,546,400	-	(5,370,400)	(176,000)	-
			7,490,000	-	(7,160,000)	(330,000)	-
Weighted average option price		(RM)	1.43	-	1.43	1.41	-
Weighted average share price		(RM)			1.90		
Weighted average of remaining contractual life		(days)					-

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27. ESS (CONT'D)

ESS implemented on 20 October 2020

ESS options

Grant date	Expiry date	Option price RM	Balance as at 1.04.2020	Granted	Exercised	Cancelled	Balance as at 31.03.2021
14.12.2020	13.12.2022	2.17	-	9,192,000	(2,557,100)	(163,000)	6,471,900
Weighted average option price		(RM)	-	2.17	2.17	2.17	2.17
Weighted average share price		(RM)			2.68		
Weighted average of remaining contractual life		(days)					622

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	
		2022	**2021**
		21.10.2021	**14.12.2020**
Fair value of options at grant dates	(RM)	0.370	0.330
Grant date share price	(RM)	3.287	2.408
Option price	(RM)	3.000	2.170
Expected volatility	(%)	14.781	20.675
Expected life	(days)	803	729
Risk free rate	(%)	2.501	1.965
Expected dividend yield	(%)	4.573	5.398

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 grant were incorporated into the measurement of fair value.

Notes to the Financial Statements

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28. RESERVES

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-distributable:				
ESS reserve	3,465,887	2,135,727	3,465,887	2,135,727
Exchange translation reserve	-	(1,129)	-	-
	3,465,887	2,134,598	3,465,887	2,135,727
Distributable:				
Retained earnings	672,852,899	609,780,770	163,773,325	200,079,690
	676,318,786	611,915,368	167,239,212	202,215,417

(a) Non-distributable:

(i) 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.

(ii) Exchange translation reserve:

Exchange translation reserve represents the foreign currency exchange differences arising from the translation of the financial statements of the foreign operation whose functional currency is different from that of the presentation currency of the Group. It also represents the exchange differences arising from monetary items, which form part of the net investment in foreign operation of the Group.

(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

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29. PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current:				
Payables	17,369,761	15,107,698	-	-
Accrued expenses	14,734,181	12,628,850	908,034	780,880
Deposits	1,625,000	1,555,000	-	-
	33,728,942	29,291,548	908,034	780,880
Non-current:				
Payables	780,224	780,224	-	-
Accrued expenses	-	915,257	-	-
	780,224	1,695,481	-	-
	34,509,166	30,987,029	908,034	780,880

Included in payables of the Group are:

(i) marketing expenses amounting to RM5,929,615 (2021: RM4,598,093) payable to third parties;

(ii) collections received from customers amounting to RM3,836,221 (2021: RM3,250,646) on behalf of various corporations and cooperatives by subsidiary companies; and

(iii) refundable collections amounting to RM1,080,911 (2021: RM1,107,505).

30. HIRE-PURCHASE PAYABLES

	The Group	
	2022	2021
	RM	RM
Total outstanding	626,797	684,119
Less: Future finance charges	(42,855)	(35,709)
Principal outstanding	583,942	648,410
Less: Amount due within one (1) year	(246,248)	(341,048)
Non-current portion	337,694	307,362

Notes to the Financial Statements

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30. HIRE-PURCHASE PAYABLES (CONT'D)

The non-current portion of the hire-purchase payables are as follows:

	The Group	
	2022	2021
	RM	RM
Financial years ending 31 March:		
2023	-	185,965
2024	132,234	69,103
2025	95,551	29,437
2026	92,094	22,857
2027	17,815	-
	337,694	307,362

The interest rates implicit in these hire-purchase arrangements of the Group range from 4.13% to 4.83% (2021: 4.13% to 4.83%) per annum. The Group's hire-purchase payables are secured by a charge over the assets under hire-purchase.

A reconciliation of hire-purchase payables to cash flows arising from financing activities are as follows:

	The Group	
	2022	2021
	RM	RM
Balance as at 1 April	648,410	714,295
Cash flows	(416,362)	(222,321)
Other changes	351,894	156,436
Balance as at 31 March	583,942	648,410

Notes to the Financial Statements

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31. FINANCING LIABILITIES

	Note	The Group 2022 RM	The Group 2021 RM
At amortised cost			
Secured			
Current:			
- Shariah			
RM2.0 billion Sukuk Programme	(a)	105,046,851	93,558,078
RM900.0 million Sukuk Programme	(b)	106,570,593	105,498,185
		211,617,444	199,056,263
Revolving credits	(c)	46,054,445	133,555,164
Term financing	(d)	49,669,080	73,955,130
		307,340,969	406,566,557
- Conventional			
Revolving credits	(c)	248,713,700	114,308,159
Term loans	(d)	5,950,838	5,962,704
		254,664,538	120,270,863
		562,005,507	526,837,420
Non-current:			
- Shariah			
RM2.0 billion Sukuk Programme	(a)	734,731,786	525,530,219
RM900.0 million Sukuk Programme	(b)	363,648,791	462,821,825
		1,098,380,577	988,352,044
Term financing	(d)	93,103,809	142,040,264
		1,191,484,386	1,130,392,308
- Conventional			
Term loans	(d)	7,444,808	13,389,743
		1,198,929,194	1,143,782,051
Unsecured			
Current			
- Shariah			
Revolving credits	(c)	35,026,083	-
- Conventional			
Revolving credits	(c)	8,015,663	-
		43,041,746	-
		1,803,976,447	1,670,619,471

Notes to the Financial Statements
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31. FINANCING LIABILITIES (CONT'D)

	The Group	
	2022	2021
	RM	RM
Disclosed in the statements of financial position as:		
Current	605,047,253	526,837,420
Non-current	1,198,929,194	1,143,782,051
	1,803,976,447	1,670,619,471

The maturity profile of the financing liabilities is as follows:

	The Group	
	2022	2021
	RM	RM
On demand or within one (1) year	605,047,253	526,837,420
More than one (1) year and less than two (2) years	229,900,729	208,152,264
More than two (2) years and less than five (5) years	679,902,114	665,577,677
More than five (5) years	289,126,351	270,052,110
	1,803,976,447	1,670,619,471

A reconciliation of financing liabilities to cash flows arising from financing activities are as follows:

	2021	Cash flows	Other changes	2022
	RM	RM	RM	RM
Sukuk	1,187,408,307	120,000,000	2,589,714	1,309,998,021
Revolving credits	247,863,323	89,500,000	446,568	337,809,891
Term financing/loans	235,347,841	(79,156,594)	(22,712)	156,168,535
Total	1,670,619,471	130,343,406	3,013,570	1,803,976,447

	2020	Cash flows	Other changes	2021
	RM	RM	RM	RM
Sukuk	1,059,091,021	125,000,000	3,317,286	1,187,408,307
Revolving credits	423,201,593	(175,500,000)	161,730	247,863,323
Term financing/loans	232,104,964	2,737,394	505,483	235,347,841
Total	1,714,397,578	(47,762,606)	3,984,499	1,670,619,471

Included in other changes are accrued profit/interest expense and transaction costs.

Notes to the Financial Statements

31 March 2022

31. FINANCING LIABILITIES (CONT'D)

The outstanding balances arising from related party transactions as at the reporting date are as follows:

	The Group	
	2022	2021
	RM	RM
Financing liabilities with:		
AMB	99,063,224	37,245,305
AIB	46,381,520	35,506,478
	145,444,744	72,751,783

(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 involved the purchase of financing receivables from RCEM from time to time. The purchases of financing receivables meeting certain pre-determined eligibility criteria were 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 two (2) (2021: two (2)) tranches of Sukuk amounting to RM379.0 million (2021: RM234.0 million), out of which RM69.0 million (2021: RM14.0 million), were subscribed by RCET, a subsidiary company.

In addition, ZAB has redeemed RM90.0 million (2021: RM25.0 million) of its Class A Series 1 and 2 from its Tranches 1, 4 and 5 upon maturity (2021: Class A Series 1 from its Tranches 2 and 3).

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 seven (7) tranches were 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 3.14% to 5.00% (2021: 3.00% to 5.00%) 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 5.50% (2021: 3.95% to 5.50%) 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 19.30% to 57.00% (2021: 33.00% 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
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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 involved the purchase of financing receivables from RCEM from time to time. The purchases of financing receivables meeting certain pre-determined eligibility criteria were 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 redeemed RM100.0 million (2021: RM70.0 million) of Class A Series 2 Sukuk from its Tranches 1 to 3 upon maturity (2021: Class A Series 1 from its Tranches 4 to 5).

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 5.00% to 5.70% (2021: 4.70% 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 7.00% (2021: 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 18.00% to 35.00% (2021: 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.

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.

31. FINANCING LIABILITIES (CONT'D)

(c) Revolving credits

As at 31 March 2022, the Group has twelve (12) (2021: nine (9)) revolving credit facilities.

These 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

(iii) An irrevocable corporate guarantee by the Company.

During the financial year, the Group is further granted with two (2) unsecured and one (1) secured facilities amounting to RM43.0 million and RM40.0 million respectively.

(d) Term financing/loans

As at 31 March 2022, the Group has three (3) (2021: three (3)) term financing/loan facilities.

These 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.

The maturity ranges from five (5) to seven (7) years from the date of the first disbursement of the applicable tranche of the term financing/loans.

The information on WAEPR is disclosed in Note 34.

Notes to the Financial Statements
31 March 2022

32. LEASE LIABILITIES

The carrying amount of lease liabilities and the movements during the financial year are as follows:

	The Group	
	2022	2021
	RM	RM
Balance as at 1 April	4,420,359	5,164,125
Cash flows	(1,023,522)	(1,006,178)
Other changes	230,715	262,412
Balance as at 31 March	3,627,552	4,420,359
Disclosed in the statements of financial position as:		
Current	840,341	792,808
Non-current	2,787,211	3,627,551
Total lease liabilities	3,627,552	4,420,359

The weighted average discount rate applied ranges from 4.77% to 5.88% (2021: 4.77% to 5.88%) 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	
	2022	2021
	RM	RM
On demand or within one (1) year	840,341	792,808
More than one (1) year and less than two (2) years	889,063	840,341
More than two (2) and less than five (5) years	1,898,148	2,787,210
	3,627,552	4,420,359

In the previous financial year, the Group applied the practical expedient to rent concessions that meet the conditions pursuant to MFRS 16, paragraph 46B and RM17,235 was recognised in the profit or loss.

33. COMMITMENTS

Capital commitments

	The Group	
	2022	2021
	RM	RM
Capital expenditure in respect of plant and equipment not provided for:		
Approved and contracted for	1,412,300	1,920,098

34. 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 and of the Company.

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.

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.

Notes to the Financial Statements
31 March 2022

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

The credit risk for financing receivables, deposits with licensed financial institutions, cash and bank balances is 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 intial recognition but do not have objective evidence of impairment.
Stage 3	When one or more objectives evidence of defaults that have a detrimental impact on the estimated future cash flows have occurred.

(ii) Trade receivables

Category	Group's definition of category
Lifetime ECL	Receivables for which there is a significant increase in credit risk as significant increase in credit risk is presumed if 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.

Notes to the Financial Statements

31 March 2022

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Credit risk (Cont'd)

Credit quality analysis (Cont'd)

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	Gross carrying amount (net of impairment provision) RM	Basis for calculation of profit income
2022					
Stage 1	0 to 30	12 months expected losses.	1,235,920,945	1,212,064,535	Gross carrying amount
	0 to 90^	Where expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	567,452,838	549,724,202	
			1,803,373,783	1,761,788,737	
Stage 2	31 to 90	Lifetime expected losses.	3,147,098	2,263,473	Gross carrying amount
	91 to 180^		8,750,529	6,837,423	
			11,897,627	9,100,896	
Stage 3	More than 90	Lifetime expected losses.	34,259,425	-	Amortised cost carrying amount (net of credit allowance)
	More than 180^		36,465,735	-	
			70,725,160	-	

Notes to the Financial Statements

31 March 2022

34. 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	Gross carrying amount (net of impairment provision) RM	Basis for calculation of profit income
2021					
Stage 1	0 to 30	12 months expected losses.	1,166,788,109	1,141,709,399	Gross carrying amount
	0 to 90^	Where expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	601,414,088	580,090,467	
			1,768,202,197	1,721,799,866	
Stage 2	31 to 90	Lifetime expected losses.	3,455,834	2,322,238	Gross carrying amount
	91 to 180^		12,126,957	9,230,565	
			15,582,791	11,552,803	
Stage 3	More than 90	Lifetime expected losses.	33,943,744	-	Amortised cost carrying amount (net of credit allowance)
	More than 180^		39,759,224	-	
			73,702,968	-	

* Excluded fee for the provision of services to be recognised over a period of time of RM6,817,468 (2021: RM12,172,920).

^ 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 2022

34. 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	Gross carrying amount (net of impairment provision) RM	Basis for calculation of profit income
2022					
Lifetime ECL	0 to 90	Lifetime ECL	54,017,583	53,970,231	Gross carrying amount
Credit impaired	More than 90	Credit impaired	1,513,439	-	Amortised cost carrying amount (net of credit allowance)
2021					
Lifetime ECL	0 to 90	Lifetime ECL	54,266,657	54,207,204	Gross carrying amount
Credit impaired	More than 90	Credit impaired	1,752,458	-	Amortised cost 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 categorised 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 RM20,823,240 (2021: RM21,680,830).

Notes to the Financial Statements
31 March 2022

34. 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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Irrevocable loan commitments issued on behalf of customers	576,732	616,824	-	-
Financial guarantees to licensed financial institutions for financing liabilities facilities granted to subsidiary companies	-	-	970,200,000	1,037,200,000
	576,732	616,824	970,200,000	1,037,200,000

As at the reporting date, the fair value of the financial guarantees are RMnil (2021: 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 2022

34. 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	Collateral value	Financial effect of collaterals
	RM	RM	%
2022			
Financing receivables	697,353,437	604,036,451	86.62
Trade receivables	53,970,231	68,813,500	127.50
	751,323,668	672,849,951	89.56
2021			
Financing receivables	789,025,274	669,873,362	84.90
Trade receivables	54,207,204	65,856,000	121.49
	843,232,478	735,729,362	87.25

(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, cash and bank balances with licensed financial institutions amounting to RM800,511,265 (2021: RM597,900,934) as disclosed in Note 24 to meet estimated commitments arising from its financial liabilities.

Notes to the Financial Statements

31 March 2022

34. 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 that are exposed to profit rate risk:

				Maturity Profile		
		WAEPR	Total	Within 1 year	2-5 years	After 5 years
The Group	**Note**	**%**	**RM**	**RM**	**RM**	**RM**
2022						
Fixed rate						
Financing receivables	18	12.59	1,764,072,165	205,470,567	914,510,210	644,091,388
Trade receivables	21	10.21	53,970,231	53,970,231	-	-
Deposits with licensed financial institutions	24	1.99	647,576,318	647,576,318	-	-
Payables	29	-	18,149,985	17,369,761	780,224	-
Hire-purchase payables	30	5.18	583,942	246,248	337,694	-
Sukuk	31	4.85	1,309,998,021	211,617,444	809,254,226	289,126,351
Lease liabilities	32	5.83	3,627,552	840,341	2,787,211	-
Floating rate						
Deposits with licensed financial institutions	24	1.00	10,804	10,804	-	-
Revolving credits	31	3.64	337,809,891	337,809,891	-	-
Term financing/loans	31	4.66	156,168,535	55,619,918	100,548,617	-
2021						
Fixed rate						
Financing receivables	18	12.90	1,721,179,749	186,022,876	894,337,265	640,819,608
Trade receivables	21	9.55	54,207,204	54,207,204	-	-
Deposits with licensed financial institutions	24	2.34	543,577,515	543,577,515	-	-
Payables	29	-	15,887,922	15,107,698	780,224	-
Hire-purchase payables	30	2.41	648,410	341,048	307,362	-
Sukuk	31	5.24	1,187,408,307	199,056,263	724,208,384	264,143,660
Lease liabilities	32	5.83	4,420,359	792,808	3,627,551	-
Floating rate						
Deposits with licensed financial institutions	24	2.16	27,405,564	27,405,564	-	-
Revolving credits	31	2.57	247,863,323	247,863,323	-	-
Term financing/loans	31	5.54	235,347,841	79,917,834	149,521,557	5,908,450

Notes to the Financial Statements
31 March 2022

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity risk (Cont'd)

Profit rate and liquidity risk tables (Cont'd)

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 receivables/loans 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:

		Maturity Profile		
	Total	Within 1 year	2-5 years	After 5 years
The Group	**RM**	**RM**	**RM**	**RM**
2022				
Fixed rate				
Sukuk	1,550,420,822	259,643,215	968,971,440	321,806,167
Hire-purchase payables	626,797	266,733	360,064	-
Lease liabilities	4,062,244	1,024,864	3,037,380	-
Floating rate				
Revolving credits	338,374,255	338,374,255	-	-
Term financing/loans	168,744,266	61,139,478	107,604,788	-
2021				
Fixed rate				
Sukuk	1,416,425,434	245,851,685	878,030,482	292,543,267
Hire-purchase payables	684,119	362,506	321,613	-
Lease liabilities	5,085,767	1,023,523	4,062,244	-
Floating rate				
Revolving credits	248,906,833	248,906,833	-	-
Term financing/loans	257,413,324	89,401,258	162,077,151	5,934,915

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 RM1,668,754 (2021: RM1,706,033) as a result of a lower/higher profit expense on floating rate financial assets and liabilities.

Notes to the Financial Statements
31 March 2022

34. FINANCIAL INSTRUMENTS (CONT'D)

(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, amount due from a subsidiary company, deposits with licensed financial institutions and cash and bank balances.

(ii) Financial liabilities and equity instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement.

Significant financial liabilities include financing liabilities and payables.

The carrying amount of financial assets and liabilities of the Group as at the reporting date approximate their fair values except for the following:

		2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
	Note	RM	RM	RM	RM
Financial assets					
Financing receivables	18	1,764,072,165	1,779,748,995	1,721,179,749	1,740,538,341
Financial liabilities					
Financing liabilities					
- Sukuk	31	1,309,998,021	1,359,551,593	1,187,408,307	1,255,279,045

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.

Notes to the Financial Statements

31 March 2022

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values (Cont'd)

(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).

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Financial assets				
Financing receivables	-	-	1,779,748,995	1,779,748,995
Financial liabilities				
Financing liabilities				
- Sukuk	-	1,359,551,593	-	1,359,551,593
2021				
Financial assets				
Financing receivables	-	-	1,740,538,341	1,740,538,341
Financial liabilities				
Financing liabilities				
- Sukuk	-	1,255,279,045	-	1,255,279,045

Notes to the Financial Statements
31 March 2022

35. 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 gearing ratio are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Total financing liabilities	1,803,976,447	1,670,619,471	-	-
Less: Deposits, cash and bank balances	(800,511,265)	(597,900,934)	(1,210)	(1,364)
Net financing liabilities	1,003,465,182	1,072,718,537	(1,210)	(1,364)
Total equity	872,067,715	774,030,632	362,988,141	364,330,681
Net gearing ratio (times)	1.15	1.39	-	-

Statement by Directors

The directors of **RCE CAPITAL BERHAD** state that, in their opinion, the accompanying financial statements set out on pages 95 to 164 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 2022 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

SOO KIM WAI

Kuala Lumpur
30 May 2022

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 95 to 164 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 30th day of May 2022.

YAP CHOON SENG
MIA 20766

Before me

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
W737
MUHAMMAD FAIZ DHARMENDRA
BIN ABDULLAH
01 JAN 2021 - 31 DEC 2023
MALAYSIA

No. 30, Tingkat Bawah, Blok B,
Flat PKNS, Jalan Raja Muda Musa,
50300 Kg. Baru, Kuala Lumpur.

Analysis of Shareholdings

as at 30 June 2022

Issued Shares	:	740,388,894 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	776	7.44	40,432	0.01
100 to 1,000	1,322	12.68	806,282	0.11
1,001 to 10,000	5,413	51.91	25,147,150	3.43
10,001 to 100,000	2,565	24.60	77,323,583	10.56
100,001 to less than 5% of issued shares	349	3.35	363,128,886	49.60
5% and above of issued shares	2	0.02	265,726,365	36.29
Total	**10,427**	**100.00**	**732,172,698**	**100.00**

THIRTY LARGEST REGISTERED SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	CEMPAKA EMPAYAR SDN BHD	171,726,365	23.45
2.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD (AGB CBC2)	94,000,000	12.84
3.	ROCKWILLS TRUSTEE BERHAD - RCE TRUST	33,896,000	4.63
4.	BBL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	31,450,000	4.30
5.	RHB NOMINEES (TEMPATAN) SDN BHD - MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	30,500,000	4.17
6.	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	23,000,000	3.14
7.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD (AMCORPPROPMGT)	21,600,000	2.95
8.	WOO KHAI YOON	17,580,000	2.40
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CEMPAKA EMPAYAR SDN BHD	13,133,400	1.79
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - EMPLOYEES PROVIDENT FUND BOARD	11,028,900	1.51

Analysis of Shareholdings
as at 30 June 2022

THIRTY LARGEST REGISTERED SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
11.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	8,777,000	1.20
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD (8109706)	7,235,600	0.99
13.	CIMB COMMERCE TRUSTEE BERHAD - PUBLIC FOCUS SELECT FUND	6,754,600	0.92
14.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT RHB BANK BERHAD FOR CEMPAKA EMPAYAR SDN BHD	6,200,001	0.85
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD - RAKUTEN TRADE SDN BHD FOR LOH KAM CHUIN	5,400,000	0.74
16.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD - DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	5,045,800	0.69
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD - RAKUTEN TRADE SDN BHD FOR YAP CHOON SENG	4,100,000	0.56
18.	AMANAHRAYA TRUSTEES BERHAD - PUBLIC ISLAMIC OPPORTUNITIES FUND	3,569,400	0.49
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE KONG SIM (8036608)	3,452,200	0.47
20.	B-OK SDN BHD	3,400,000	0.46
21.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD - LEMBAGA TABUNG HAJI (AL-WARA')	3,022,300	0.41
22.	LIEW SZE FOOK	2,630,000	0.36
23.	OON HOOI KHEE	2,500,000	0.34
24.	AMANAHRAYA TRUSTEES BERHAD - PUBLIC STRATEGIC SMALLCAP FUND	2,412,700	0.33
25.	AMANAHRAYA TRUSTEES BERHAD - PUBLIC EMERGING OPPORTUNITIES FUND	2,383,000	0.33
26.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD - EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	2,319,300	0.32
27.	HIEW CHANG CHUN	2,300,000	0.31
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SU TIING UH	2,088,000	0.28
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	2,050,000	0.28
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LIEW JEW FOOK (E-PDG)	1,770,600	0.24
	Total	**525,325,166**	**71.75**

Analysis of Shareholdings
as at 30 June 2022

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
Cempaka Empayar Sdn Bhd	391,609,766	53.49	-	-
Amcorp Group Berhad	-	-	391,609,766[1]	53.49
Clear Goal Sdn Bhd	-	-	391,609,766[1]	53.49
Tan Sri Azman Hashim	1,500,000	0.21	425,505,766[2]	58.12

Notes:
(1) *Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through Cempaka Empayar Sdn Bhd.*
(2) *Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through Cempaka Empayar Sdn Bhd and the interest held under Rockwills Trustee Berhad – RCE Trust.*

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 No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %	No. of Options Held
Shahman Azman	600,000	0.08	-	-	-
Tan Sri Mazlan bin Mansor	-	-	-	-	-
Datuk Mohamed Azmi bin Mahmood	-	-	-	-	-
Mahadzir bin Azizan	-	-	-	-	-
Thein Kim Mon	-	-	-	-	-
Soo Kim Wai	-	-	-	-	-
Shalina Azman	900,000	0.12	-	-	-
Lum Sing Fai	996	*	-	-	-
Loh Kam Chuin *(Chief Executive Officer)*	5,400,000	0.74	-	-	1,142,852

Note:
* *Negligible*

The analysis of shareholdings is based on the Record of Depositors as at 30 June 2022, net of 8,216,196 treasury shares.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixty-Eighth 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, 8 September 2022 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 2022 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees of RM675,000 for the financial year ended 31 March 2022. **Resolution 1**

3. To approve the Directors' benefits to the Non-Executive Directors of the Company up to an aggregate amount of RM750,000 for the period from 9 September 2022 until the next Annual General Meeting of the Company. **Resolution 2**

4. To re-elect the following Directors who retire pursuant to Clause 118 of the Company's Constitution:

   (i) Datuk Mohamed Azmi bin Mahmood **Resolution 3**
   (ii) Encik Mahadzir bin Azizan **Resolution 4**
   (iii) Mr. Soo Kim Wai **Resolution 5**

5. 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:

6. **Authority to Issue Shares Pursuant to Section 75 of the Companies Act 2016**

   "THAT subject always to the Companies Act 2016, 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 Companies Act 2016 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." **Resolution 7**

Notice of Annual General Meeting

7. **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 27 July 2022, 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;

(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."

8. **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;

(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 manners 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."

9. 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
27 July 2022

Notes:

1. The Sixty-Eighth 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 Sixty-Eighth Annual General Meeting for further details.

   The Administrative Guide for the Sixty-Eighth Annual General Meeting is available for download at www.rce.com.my.

Notice of Annual General Meeting

2. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 1 September 2022 shall be eligible to participate and vote at the Sixty-Eighth 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.

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/.

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 9 September 2022 until the next Annual General Meeting ("AGM") of the Company ("Relevant Period") up to an aggregate amount of RM750,000.

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 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.

Notice of Annual General Meeting

The following Directors are due for retirement by rotation at the Sixty-Eighth AGM of the Company ("retiring Directors"), and being eligible, have offered themselves for re-election:

(1) Datuk Mohamed Azmi bin Mahmood
(2) Encik Mahadzir bin Azizan
(3) Mr. Soo Kim Wai

The Board via the Nomination & Remuneration ("N&R") Committee, has through an annual evaluation carried out in May 2022, reviewed the performance and contributions of each of the retiring Directors, and the level of independence demonstrated by Datuk Mohamed Azmi bin Mahmood and Encik Mahadzir bin Azizan. The N&R Committee after taking into account the satisfactory performance and contributions of the retiring Directors; the independence demonstrated by Datuk Mohamed Azmi bin Mahmood and Encik Mahadzir bin Azizan, 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 Sixty-Eighth AGM.

The profile of the retiring Directors are set out in the Profile of Directors in the Annual Report 2022 and are also available on the Company's website at 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 6 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.

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-Seventh AGM of the Company held on 23 September 2021.

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.

(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 7, 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.

(vi) **Resolution 9 - Proposed Renewal of Share Buy-Back Authority**

The Ordinary Resolution proposed under Agenda 8, 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 27 July 2022 which is available on the Company's website at www.rce.com.my.

Notice of Annual General Meeting

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 Sixty-Eighth 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 Sixty-Eighth AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists and other documents relating to the Sixty-Eighth 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

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 Sixty-Eighth 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, 8 September 2022 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 Datuk Mohamed Azmi bin Mahmood as Director.		
4.	To re-elect Encik Mahadzir bin Azizan as Director.		
5.	To re-elect Mr. Soo Kim Wai 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 ________________, 2022.

No. of Shares Held		
CDS Account No.		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %

____

Signature of Shareholder/Common Seal

Tel No. (During office hours): ____________________

Notes:

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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

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www.rce.com.my

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