REDtone DIGITAL BERHAD

Registration No. 200201028701 (596364-U)

ANNUAL REPORT 2022

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of **REDtone Digital Berhad** ("**Company**") will be conducted on a virtual basis for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this Notice:

Meeting Platform	:	https://www.berjayaregistration.com.my
Date	:	Thursday, 1 December 2022
Time	:	10.00 a.m.
Broadcast Venue	:	Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan
Mode of Communication	:	(1) Typed text in the Meeting Platform (2) Email your questions to corporateaffairs@redtone.com not later than 5.00 p.m. on Monday, 28 November 2022

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note (i)]**

2. To approve the payment of Directors' fees for an aggregate amount of up to RM1,200,000 payable to the Non-Executive Directors of the Company on a monthly basis from 2 December 2022 until the next Annual General Meeting of the Company to be held in year 2023. **Ordinary Resolution 1**

3. To approve the payment of Directors' benefits for an amount of up to RM130,000 payable to the Directors of the Company from 2 December 2022 until the next Annual General Meeting of the Company to be held in year 2023. **Ordinary Resolution 2**

4. To re-elect the following Directors who retire by rotation in accordance with Clause 117 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) Dato' Mohd Zaini Bin Hassan; and **Ordinary Resolution 3**

   (ii) Dato' Avinderjit Singh A/L Harjit Singh. **Ordinary Resolution 4**

5. To re-elect the following Directors who retire by casual vacancy in accordance with Clause 116 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) Mr. Kua Choo Kai; and **Ordinary Resolution 5**

   (ii) Dato' Sri Badrul Hisham Bin Abdul Aziz. **Ordinary Resolution 6**

6. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 7**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without modifications:-

7. **Ordinary Resolution**
   Retention of Dato' Mohd Zaini Bin Hassan as an Independent Non-Executive Director of the Company **Ordinary Resolution 8**

   "**THAT** subject to the passing of Ordinary Resolution 3, Dato' Mohd Zaini Bin Hassan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2021."

8. **Ordinary Resolution** **Ordinary Resolution 9**
Authority to Issue Shares pursuant to the Companies Act 2016

"**THAT** subject always to the Companies Act 2016, the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and to such persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided always 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 (excluding treasury shares) of the Company for the time being;

THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company;

AND FURTHER THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 13 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company pursuant to the Companies Act 2016."

9. **Ordinary Resolution** **Ordinary Resolution 10**
Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun

"**THAT** subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies ("**Group**"), to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun as specified in Section 2.3 of the Circular to Shareholders dated 21 October 2022 ("**Proposed Mandate I**"), which are necessary for the day-to-day operations and/or in the ordinary course of business of the Group on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate I was passed, at which time it will lapse, unless by ordinary resolution passed at that AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or deem fit and in the best interest of the Group to give effect to such transactions as authorised by this resolution."

10. **Ordinary Resolution** **Ordinary Resolution 11**
Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is also a major shareholder

"**THAT** subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies ("**Group**"), to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is also a major shareholder as specified in Section 2.3 of the Circular to Shareholders dated 21 October 2022 ("**Proposed Mandate II**") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Group on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate II was passed, at which time it will lapse, unless by ordinary resolution passed at that AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or deem fit and in the best interest of the Group to give effect to such transactions as authorised by this resolution."

11. **Ordinary Resolution** **Ordinary Resolution 12**
Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Datuk Mohd Taib Bin Hassan

"**THAT** subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies ("**Group**"), to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Datuk Mohd Taib Bin Hassan as specified in Section 2.3 of the Circular to Shareholders dated 21 October 2022 ("**Proposed Mandate III**") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Group on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate III was passed, at which time it will lapse, unless by ordinary resolution passed at that AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or deem fit and in the best interest of the Group to give effect to such transactions as authorised by this resolution."

12. To transact any other ordinary business of which due notice shall have been given.

By order of the Board

CHUA SIEW CHUAN (SSM PC NO.: 201908002648) (MAICSA 0777689)
TAN LEY THENG (SSM PC NO.: 201908001685) (MAICSA 7030358)
Company Secretaries

Kuala Lumpur
Dated: 21 October 2022

NOTES:

1. As no shareholders should be physically present at the Broadcast Venue, all shareholders are urged to attend the Meeting remotely using the Remote Participation and Voting ("**RPEV**") facilities which are available on Berjaya Registration Services Sdn. Bhd.'s e-Portal at https://www.berjayaregistration.com.my ("**BReg e-Portal**"). For further details and guidelines on RPEV facilities, please refer to the Administrative Notes.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 24 November 2022 shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.

3. A member entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting.

4. The members or their proxies may communicate via real time submission of typed texts through a text box within BReg e-Portal during live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in the primary mode of communication, shareholders and proxies may email their questions to shareg@berjayareg.com.my during the Meeting.

5. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

8. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company at 09-27, Level 9, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan, or submit the Form of Proxy electronically via BReg e-Portal not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the Meeting should you subsequently decide to do so.

9. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. Independent Scrutineers will be appointed to validate the results of the poll.

Explanatory Notes to Ordinary and Special Business

(i) Audited Financial Statements for the financial year ended 30 June 2022

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(ii) Payment of Directors' fees and benefits

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

The Board wishes to seek shareholders' approval at the Twentieth Annual General Meeting ("**AGM**") on the separate resolutions as below:

- Ordinary Resolution 1 on payment of Directors' fees payable to the Non-Executive Directors of the Company on a monthly basis from 2 December 2022 until the next AGM of the Company to be held in year 2023.

- Ordinary Resolution 2 on payment of Directors' benefits, which comprise of meeting allowance payable for attendance of Directors at Board and/or Board Committees' meetings from 2 December 2022 until the next AGM of the Company to be held in year 2023.

In the event that the proposed Directors' fees and benefits payable are insufficient due to the enlarged size of the Board of Directors, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

(iii) Retention of Independent Non-Executive Director

Ordinary Resolution 8 is to seek approval from the shareholders for Dato' Mohd Zaini Bin Hassan to continue in office as an Independent Non-Executive Director of the Company. Dato' Mohd Zaini Bin Hassan was appointed as an Independent Non-Executive Director of the Company on 23 April 2012. Therefore, Dato' Mohd Zaini Bin Hassan has served the Board in that capacity for a cumulative of more than nine (9) years.

The Board, through the Nomination Committee, recommends that approval of the shareholders be sought through a two-tier voting process as described in the Malaysian Code on Corporate Governance to retain Dato' Mohd Zaini Bin Hassan as an Independent Non-Executive Director, based on the following justifications:

(a) He fulfils the criteria under the definition of Independent Director pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad;

(b) He is able to consistently demonstrate his independence and professionalism and effectively contribute and add value to the Company through Board Committees he serves as well as the Board;

(c) He has vast experience in a diverse range of businesses and is able to provide constructive opinions and exercise independent judgement in the best interests of the Company, and actively expresses his views and participates in Board deliberations and decision making in an objective manner;

(d) There are significant advantages to be gained from a long-serving Independent Director who has many years of experience with incumbent knowledge of the Company and the Group's activities and corporate history, and is able to provide invaluable contributions to the Board in his role as an Independent Non-Executive Director.

(iv) Authority to Issue Shares

The proposed Ordinary Resolution 9 is intended to renew the authority granted to the Directors of the Company at the Nineteenth AGM of the Company held on 1 December 2021 ("**Previous Mandate**") to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being.

The proposed Ordinary Resolution 9, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund-raising activities, including but not limited to placement of shares for the purpose of funding the Company's current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the general mandate does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 13 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

The proposed Ordinary Resolution 9, if passed, will exclude your pre-emptive rights to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence no proceeds were raised therefrom.

(v) Proposed Renewal of and New Shareholders' Mandates

The proposed Ordinary Resolutions 10, 11 and 12, if passed, will give mandates to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, details of which are set out in Section 2.3 of the Circular to Shareholders dated 21 October 2022.

The aforesaid mandates from shareholders are on an annual basis and are subject to renewal at the next AGM of the Company.

The details of the proposals are set out in the Circular to Shareholders dated 21 October 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS

YAM TUNKU TUN AMINAH BINTI SULTAN IBRAHIM ISMAIL
(Chairman/Non-Independent Non-Executive Director)

LAU BIK SOON
(Group Chief Executive Officer)

KUA CHOO KAI
(Independent Non-Executive Director)

DATO' MOHD ZAINI BIN HASSAN
(Independent Non-Executive Director)

DATO' AVINDERJIT SINGH A/L HARJIT SINGH
(Independent Non-Executive Director)

LOH PAIK YOONG
(Non-Independent Non-Executive Director)

DATO' SRI BADRUL HISHAM BIN ABDUL AZIZ
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Kua Choo Kai
(Chairman/Independent Non-Executive Director)

Dato' Mohd Zaini Bin Hassan
(Member/Independent Non-Executive Director)

Loh Paik Yoong
(Member/Non-Independent Non-Executive Director)

NOMINATION COMMITTEE

Kua Choo Kai
(Chairman/Independent Non-Executive Director)

Dato' Mohd Zaini Bin Hassan
(Member/Independent Non-Executive Director)

Dato' Avinderjit Singh A/L Harjit Singh
(Member/Independent Non-Executive Director)

REMUNERATION COMMITTEE

Dato' Mohd Zaini Bin Hassan
(Chairman/Independent Non-Executive Director)

Kua Choo Kai
(Member/Independent Non-Executive Director)

Loh Paik Yoong
(Member/Non-Independent Non-Executive Director)

HEAD OFFICE

Suites 22-30, 5th Floor, IOI Business Park
47100 Puchong, Selangor Darul Ehsan
Telephone no. : 03-8084 8888
Website : www.redtone.com
E-mail : support@redtone.com

REGISTERED OFFICE

Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur, Wilayah Persekutuan
Telephone no. : 03- 2084 9000
Facsimile no. : 03- 2094 9940

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
09-27 Level 9
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Wilayah Persekutuan
Telephone no. : 03- 2145 0533
Facsimile no. : 03- 2145 9702

PRINCIPAL BANKER

Standard Chartered Bank (M) Berhad
Malayan Banking Berhad

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC NO. 201908002648)
(MAICSA 0777689)

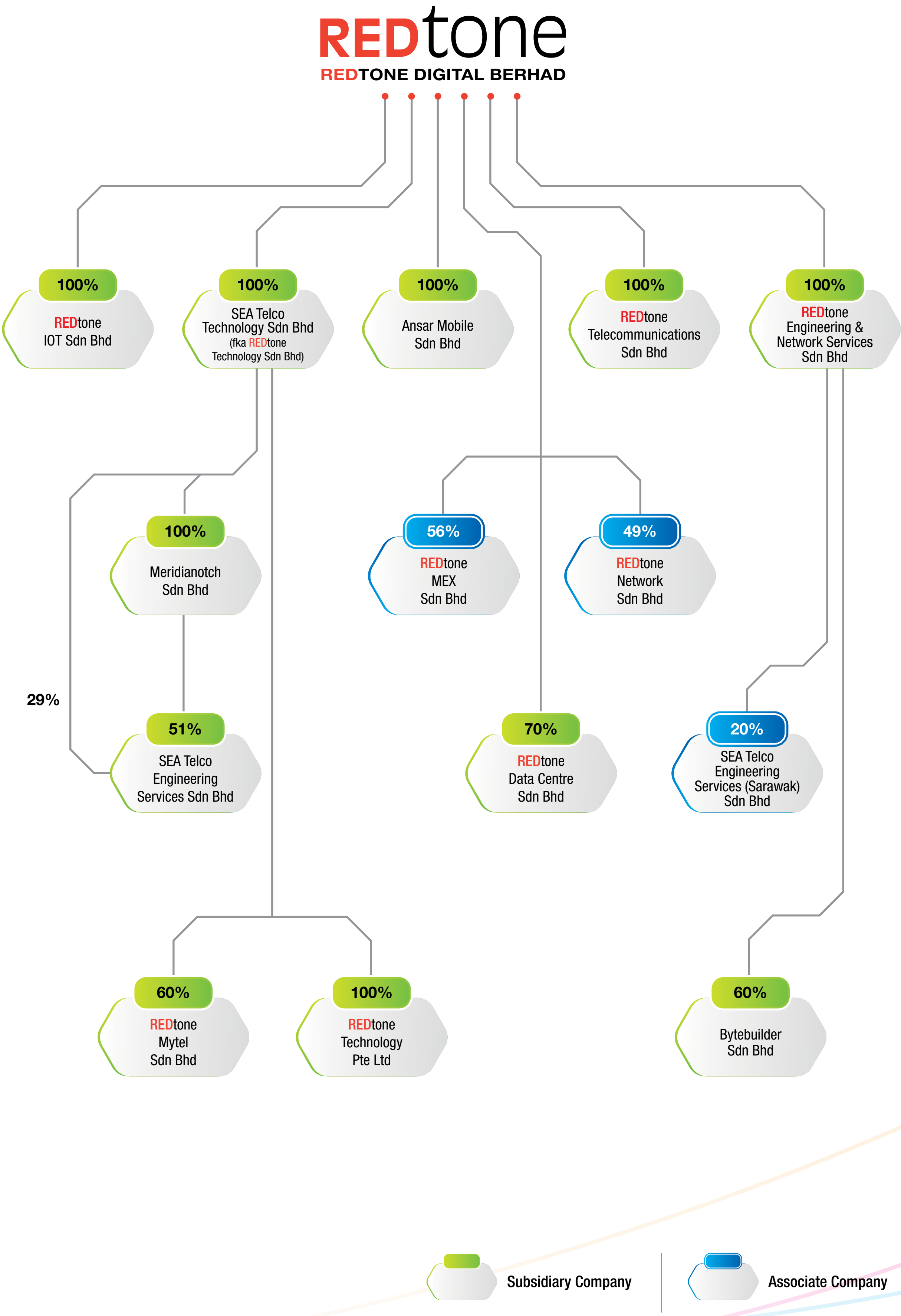
Tan Ley Theng
(SSM PC NO. 201908001685)
(MAICSA 7030358)

STOCK EXCHANGE LISTING

ACE Market of the Bursa Malaysia Securities Bhd
Stock Name : **REDTONE**
Stock Code : **0032**

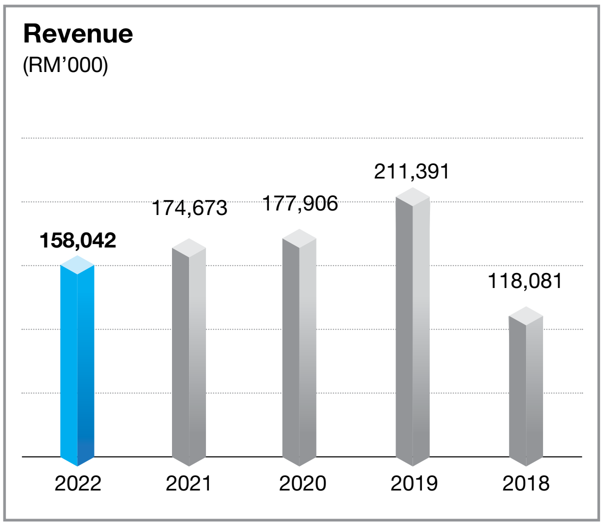
CORPORATE STRUCTURE

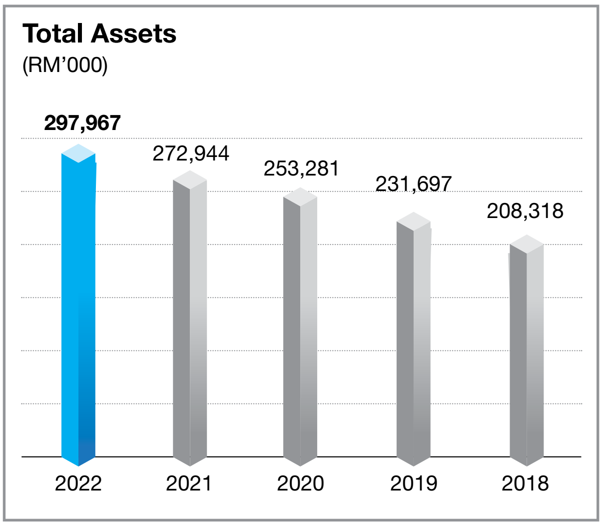
As at 21 October 2022

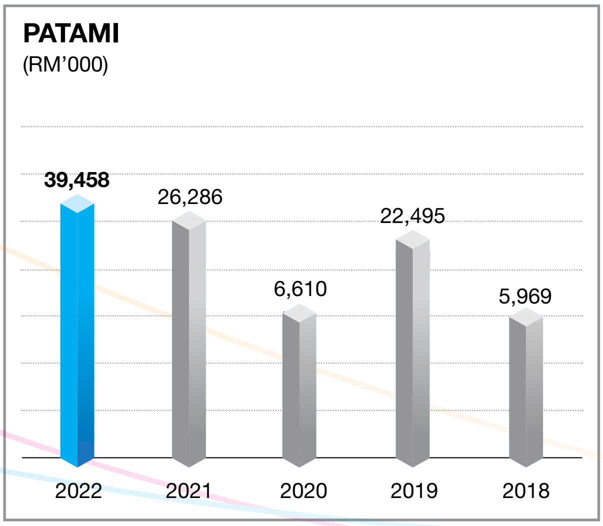


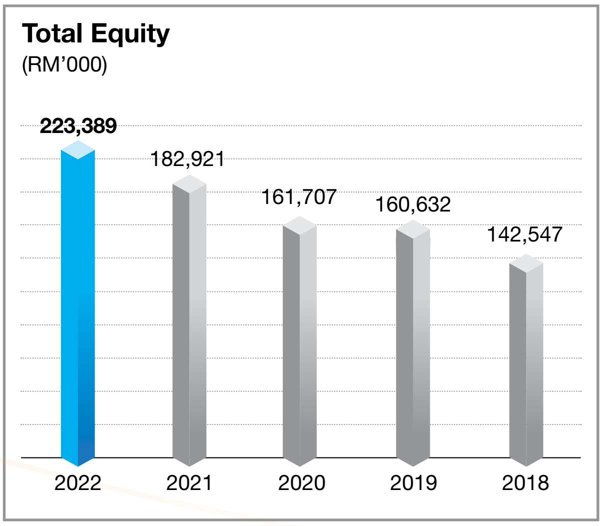
GROUP FINANCIAL SUMMARY

	12 months FY 2022 30-Jun-22	12 months FY 2021 30-Jun-21	12 months FY 2020 30-Jun-20	14 months FP 2019 30-Apr-19	12 months FY 2018 30-Apr-18
Financial Results (RM'000)					
Revenue	158,042	174,673	177,906	211,391	118,081
Profit Before Tax	56,468	42,071	19,691	33,607	6,513
Profit After Tax	40,476	28,671	8,717	21,990	4,769
Profit Attributable To Shareholders ("PATAMI")	39,458	26,286	6,610	22,495	5,969
Financial Positions (RM'000)					
Total Assets	297,967	272,944	253,281	231,697	208,318
Total Current Liabilities	72,289	86,339	84,764	69,522	62,815
Total Non-current Liabilities	2,289	3,684	6,810	1,543	2,956
Total Equity	223,389	182,921	161,707	160,632	142,547
Financial Ratios					
Net Assets Per Share (Sen)	28.22	23.11	20.74	21.54	18.54
Net Earnings Per Share (Sen)	5.10	3.40	0.86	2.91	0.77









BOARD OF DIRECTORS' PROFILE

YAM TUNKU TUN AMINAH BINTI SULTAN IBRAHIM ISMAIL

Chairman/ Non-Independent Non-Executive Director

36 age | gender

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail was appointed to the Board of Directors of the Company on 3 March 2017. She is the daughter of the Sultan of Johor DYMM Sultan Ibrahim Ismail who is a major shareholder of the Company. YAM Tunku Tun Aminah graduated from the prestigious La Salle School of Arts in Singapore.

YAM Tunku Tun Aminah has considerable experience in heading private organizations across a broad range of industries. Currently, she is also the Chairperson of Berjaya Waterfront Sdn Bhd and Berjaya Assets Berhad. She also sits on the board of Berjaya Corporation Berhad and holds the KFC franchise in Stulang Laut, Johor Bahru.

YAM Tunku Tun Aminah attended four out of five Board Meetings held during the financial year ended 30 June 2022.

LAU BIK SOON

Group Chief Executive Officer

51 age | gender

Mr. Lau Bik Soon was appointed to the Board of Directors of the Company on 13 August 2008. He assumed the position of REDtone's Group Chief Executive Officer on 8 July 2011. He holds a First Class Honours Degree in Electrical Engineering from University Technology Malaysia.

Having guided the Company to achieve a firm footing by transforming the business from a discounted call provider to an integrated telecommunications service provider, Mr. Lau continues to play a significant role in driving REDtone's success as it expands its offerings which encompass voice, data, telco engineering and industry digital solutions. He was awarded the 2014 Asia Pacific Entrepreneurship Awards, a regional award for outstanding entrepreneurship.

His extensive experience in the ICT and telecommunications industry spans over 29 years during which he held key positions with international organizations such as Cisco Systems, Sun Microsystems, Compaq Computer, TQC Consultant (IT Division) Sdn Bhd and Motorola. He won numerous sales management excellence awards and accolades during his time there. Prior to joining REDtone, he was the Country Manager for Hitachi Data Systems Malaysia.

He attended all five Board Meetings held during the financial year ended 30 June 2022.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

KUA CHOO KAI

Independent Non-Executive Director

62 age | gender

Mr. Simon Kua Choo Kai was appointed to the Board of Directors of the Company on 14 February 2022. He graduated from Monash University, Australia with a Bachelor of Economics in 1983. He later obtained a Master of Business Administration from the University of Bath (in association with The Malaysian Institute of Management) in 1995. He is a member of the Malaysian Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants and a fellow of the Chartered Practising Accountants, Australia. He was also a Certified Information Systems Auditor (CISA) from 2001 to 2020.

Mr. Simon began his career with the Ernst & Young PLT's ("EY") predecessor firm, Ernst & Whinney (EW) after his graduation and was with the firm for 38 years.

Prior to his retirement in June 2020, he was a Partner within the Kuala Lumpur Assurance Practice and was the Professional Practice Director for East Malaysia. He was also the Administration Leader of the Malaysian Firm responsible for facilities management and support services.

Mr. Simon's professional services experiences were in internal and external audits, information systems assurance, enterprise risk management framework, corporate governance framework, financial and management advisory. His industry experience included the automation, technology, telecommunications, property development and construction, gaming, consumer products and healthcare industries. He was also involved in international expatriate assignments in the United Kingdom and the United States of America.

He was previously head of EY Advisory Services from 1997 until 2005 where he was instrumental in the start-up of EY Risk & Assurance Business Services. He was the partner in charge of numerous Corporate Governance and Risk Management framework implementation assignments. He returned to mainstream Assurance in 2005 and was the engagement partner in charge of several large conglomerates in Malaysia and MNCs.

Mr. Simon is the Chairman of the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee of the Company.

He also sits on the Board of Cengild Medical Berhad as an independent director.

He attended two, being the last two Board meetings held during the financial year ended 30 June 2022 following his appointment to the Board on 14 February 2022.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

DATO' MOHD ZAINI BIN HASSAN

Independent Non-Executive Director

58 age | gender

Dato' Mohd Zaini Bin Hassan was appointed to the Board of Directors of the Company on 23 April 2012. He holds a Master of Science (MSc.) in Media Management from University of Stirling, United Kingdom in 1995 after completing his Bachelor of Mass Communication (Journalism) from Universiti Teknologi MARA ("UiTM") in 1988.

He embarked on his career with Utusan Melayu (Malaysia) Berhad in 1989, where he carved a niche for himself through sound-track record as a polished journalist and respected leader in the Malaysian media fraternity. He was the Assistant Editor-in-Chief of Utusan Melayu before he left the Company in November 2018.

In January 2019, he founded BebasNews, a news portal, and eventually formed a media company, Rare Media Sdn Bhd.

He authored a best-selling book, "Dilema Melayu Moden". Throughout his career in journalism, he had won the Malaysia's prestigious journalism award Kajai by Malaysian Press Institute in 2005; Wartawan Terbaik Negara 2008 by Persatuan Wartawan Melayu Malaysia; Best Journalist of the Year 2009 by National Press Club and Anugerah Wartawan Politik Negara 2012.

He is actively involved in several NGOs, including as the President of UiTM Alumni Association, which consists of more than 640,000 members. In addition, he was also appointed to the Board of Trustees for an education fund foundation known as Tabung Pendidikan 1 Billion. He was also appointed to the Board of Directors of UiTM in June 2016 until 2018, where he was the Chairman of Risk Committee, Chairman of Human Resource and a member of the Integrity Committee.

Dato' Mohd Zaini is the Chairman of the Remuneration Committee. He is also a member of the Audit Committee and Nomination Committee of the Company.

He attended all five Board Meetings held during the financial year ended 30 June 2022.

DATO' AVINDERJIT SINGH A/L HARJIT SINGH

Independent Non-Executive Director

51 age | gender

Dato' Avinderjit Singh A/L Harjit Singh was appointed to the Board of Directors of the Company on 19 February 2014. He completed his education in Stamford College Singapore.

He has been in the marketing industry for the past 28 years since the completion of his education. He has experience in several other industries including property development, oil & gas, and auto sports industry.

At present, he sits on the board of another public listed company, Knusford Berhad and many other private limited companies namely Transwater Capital Ventures Sdn Bhd, Lido Waterfront Boulevard Sdn Bhd, Iskandar Waterfront Holdings Sdn Bhd, QSR Brands (M) Holdings Bhd, MSC Cyberport Sdn Bhd, Iskandar Seafront Assets Sdn Bhd, Berjaya Assembly Sdn Bhd, Berjaya Waterfront Sdn Bhd, Sinar Bina Infra Sdn Bhd and Kuntum Pesona Sdn Bhd. In addition to this, in July 2018 he was appointed to the Board of Trustees of Sultan Ibrahim Johor Foundation. In 2021, he was appointed as the Managing Trustee of Sultan Ibrahim Johor Foundation.

Dato' Avinderjit Singh A/L Harjit Singh is also a member of the Nomination Committee of the Company.

He attended all five Board Meetings held during the financial year ended 30 June 2022.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

LOH PAIK YOONG

Non-Independent Non-Executive Director

58 age, gender

Ms. Loh Paik Yoong was appointed to the Board of Directors of the Company on 9 February 2015. She is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

Having articled and worked with Messrs. Peat Marwick Mitchell & Co (now known as KPMG PLT) for 6 years to 1990, she subsequently joined the Corporate Advisory Department of Malaysian International Merchant Bankers Berhad where she was actively involved in a wide variety of corporate exercises in an advisory capacity until her departure in 1995 to join Berjaya Group Berhad ("BGroup").

Currently, she is the Head & Director in Group Investment, Berjaya Corporation Berhad, the holding company of BGroup. She also sits on the boards of Caring Pharmacy Group Berhad and The Tropical Veneer Company Berhad and several private limited companies.

Ms. Loh Paik Yoong is also a member of the Audit Committee and Remuneration Committee of the Company.

She attended all five Board Meetings held during the financial year ended 30 June 2022.

DATO' SRI BADRUL HISHAM BIN ABDUL AZIZ

Non-Independent Non-Executive Director

37 age, gender

Dato' Sri Badrul Hisham Bin Abdul Aziz was appointed to the Board of Directors of the Company on 1 September 2022. He holds a Bachelor of Arts (Honours) Degree in Business Administration from Linton University College.

Dato' Sri Badrul has more than 10 years of experience in various business segments such as construction, property development, food and beverages, information technology (IT), and other services. He has managed to turn innovative ideas into functioning business endeavors and helped various companies to achieve numerous profitable business opportunities. His strength stemmed from his experience as a young man venturing into a competitive industry, coupled with his uncanny adaptability in business projection and forecasting.

He is an Independent Non-Executive Director of Tropicana Corporation Berhad and an Executive Director of Berjaya Group Berhad. He is the Chairman of Securelytics Sdn Bhd a comprehensive cybersecurity systems management company with international partners in Indonesia, Singapore, and Germany. Under his leadership, the company has won various awards and is recognized by the Malaysian Government. He also sits on the board of Multimax Development Sdn Bhd and Exomurni Sdn Bhd, a property development company which he had aggressively driven into successfully completing government and private projects with total worth of more than RM500 million. He also sits on the boards of several other private limited companies.

He did not attend any Board Meetings held during the financial year ended 30 June 2022 as he was appointed after the financial year end on 1 September 2022.

Note:

Save as disclosed, none of the Directors have: -

1. *any family relationship with any directors and/or major shareholders of the Company;*
2. *any conflict of interest with the Company;*
3. *any convictions for offences within the past 5 years other than traffic offences; and*
4. *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

KEY SENIOR MANAGEMENT'S PROFILE

YAU CHEE KEONG, ANDY

Chief Executive –
REDtone Data Centre Sdn Bhd

Nationality/ Age: Malaysian/ 64

Gender: Male

Mr. Yau Chee Keong was appointed on 1 April 2011. He holds an Australian University Degree in Economics and a post-graduate qualification in Computer Science. He is a Certified Data Center Professional and recently a Certified Digital Transformation Professional, and also holds a certification in Information Technology Service Management Foundation. He has attended the International Association of Outsourcing Professionals Certified Outsourcing Professional Master Class and completed the Harvard Business School Executive Program on Business Analytics & Big Data in March 2018.

Mr. Yau has more than 39 years of working experience in the Information and communication technology arena. He spent his last 28 years of his career in general management and program management in information technology outsourcing services, data centre services, business continuity services and cloud services. His recent working experience involves technology areas in cloud computing, virtual/augmented/extended reality, 3D Modelling and OTT solutions for the Media & Entertainment Industry.

LAU HOCK CHYE

Chief Financial Officer

Nationality/ Age: Malaysian/ 56

Gender: Male

Mr. Lau Hock Chye was appointed on 6 June 2016. He is a member of the Institute of Chartered Secretaries & Administrators as well as a member of the Association of International Accountants, United Kingdom.

He has more than 20 years of finance and business planning working experience in the telecommunications industry, with extensive hands-on in management, business leadership and working with the board of directors, bankers and financial and legal advisers.

He began his career in Digi Telecommunications Sdn Bhd in 1997, where he held various finance and business positions and was leading the business planning team. He was the Head of Regional Management when he left in 2009 to join U Mobile Sdn Bhd ("U Mobile") as its Chief Financial Officer. During his 4 years tenure in U Mobile, he introduced a cost-effective structure which set the path for the Company to grow and to compete effectively. Prior to joining REDtone, he was the Head of Planning and Strategy of Maxis Communications Berhad for 2½ years from 2013, where he plays a significant role in the feasibility study of many new business initiatives.

In REDtone, he led the team in aligning the cost structure, introducing measures enhancing forward looking organization, revamping processes and controls which have enabled the Company to be more effective in facing evolving businesses, leading to improvement in profitability and efficiency of the Company.

Note:

Save as disclosed, none of the key senior managers have: -

1. *any family relationship with any directors and/or major shareholders of the Company;*
2. *any conflict of interest with the Company;*
3. *any convictions for offences within the past 5 years other than traffic offences; and*
4. *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

REDtone Digital Berhad ("REDtone") is a leading integrated telecommunications and digital infrastructure services provider. With its well-respected home-grown brand founded in 1996, REDtone has evolved from a voice provider to one that offers an extensive range of services under three main categories: -

i) Telecommunications Services ("TS") – It offers data, voice and managed network and security services to government, enterprises and SMEs. REDtone is one of the service providers in the industry to provide infrastructure integration expertise. Its access to a unique suite of last mile technologies also enables it to offer broadband-on-demand.

ii) Managed Telecommunications Network Services ("MTNS") – This includes telecommunication engineering services, building, maintaining and operating mobile base station, fiber infrastructure and large scale Wifi hotspots.

iii) Industry Digital Services ("IDS") – It offers cloud services and applications, data centre services, virtual reality, and Internet of Things ("IoT") for smart farming.

REVENUE

For the financial year ended 30 June 2022 ("FY 2022"), the Group reported a revenue of RM158.0 million, which represents a decrease of 9.6% as compared to previous year corresponding period ("FY 2021") of RM174.7 million. The decline was largely due to lower revenue from MTNS segment from Universal Service Provision projects which by nature will have fluctuations in revenue over its contract period. The revenue of the TS segment was also affected as many businesses only progressively resumed to full operation towards late 2021. However, the management expects that the TS segment will contribute positively in the next financial year in view of the country's transition to the endemic phase from April 2022.

GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative expenses for FY 2022 was RM47.5 million (FY 2021: RM39.4 million) and mainly comprised of staff costs, general and administrative expenses and depreciation and amortisation. The increase was mainly due to the accelerated depreciation from the revision of depreciation period from 10 years to 5 years, and impairment of property, plant and equipment and right-of-use assets relating to TS.

PROFIT BEFORE TAX

Despite another challenging year arising from the COVID-19 pandemic, the Group posted a record high profit before tax of RM56.5 million in FY 2022, representing a 34.2% improvement compared to RM42.1 million in FY 2021. The growth was mainly contributed by its TS and MTNS segments, barring the challenges faced by the Group during the COVID-19 pandemic and Movement Control Order period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally has been financing its operations through a combination of internally generated funds and external loans and borrowings. As at 30 June 2022, the Group had cash and bank balances of RM78.3 million (FY 2021: RM42.4 million). Included in the Group's cash and bank balances were deposits of RM28.9 million (FY 2021: RM27.6 million) which was pledged to banks for facilities granted to certain subsidiary companies.

FUTURE PROSPECTS

The COVID-19 pandemic spanned the entire year 2021 into year 2022. With the high vaccination rate, Malaysia was able to transit to endemic phase and paved the way to the gradual resumption and reopening of its economy in the first half of the year 2022. The Group foresees that the business outlook for FY 2022 will remain challenging and competitive especially for TS segment due to intense competition in telecommunication industry. The Group will continue to adopt measures to improve operational efficiencies and profitability in its core businesses. The management expects that the MTNS segment will increase its contribution to the Group while data services for enterprise market would continue to be the main focus in recurring businesses.

The Group has established and activated a comprehensive pandemic response plan since FY 2020 with requisite risk mitigation protocols and has continued with the best practice till today. The management believes this will ensure the continuity of mission critical processes and keeping our networks working and available to our customers and the underserved community.

SUSTAINABILITY STATEMENT

1.0 ABOUT THIS REPORT

REDtone Digital Berhad ("REDtone") is a subsidiary of Berjaya Corporation Berhad ("BCorp") and is a leading integrated telecommunications and digital infrastructure services provider which offers an extensive range of services under three main businesses:-

i. Telecommunications Services ("TS");
ii. Managed Telecommunications Network Services ("MTNS"); and
iii. Industry Digital Services ("IDS").

REDtone's vision is to serve and make a positive impact on communities and organisations by delivering reliable digital infrastructure and services with the utmost professionalism and reliability, which is embedded in the entire REDtone's brand experience. REDtone's ambition in digital telecommunications hinges on capturing new opportunities which continuously emerge from rapid growth of data, voice and digital solutions.

With the increase in public awareness on environmental and social issues, REDtone believes a balanced approach to sustainability will resonate well with its customers and partners in its supply chain, build trust and further improve its reputation in the industry.

Reporting Scope and Boundary	REDtone continues to focus on material Economic, Environmental, Social and Governance ("EESG") issues arising from its principal business activities in Malaysia. REDtone's overseas operations are not included as we do not foresee significant EESG impacts.
Reporting Period	1 July 2021 to 30 June 2022 ("FY2022")
Reporting Guidelines and Principles	Guidelines: Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) FTSE4Good Bursa Malaysia ESG Index United Nations Sustainable Development Goals (UNSDGs)
Reporting Approach	This sustainability statement summarises the sustainability performance of all strategic businesses. When defining the content, REDtone has: • Applied wherever relevant the Global Reporting Initiative ("GRI") reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness. • Considered fairness, balance, clarity, comparability, reliability and timeliness. This statement focuses on material issues and activities in line with stakeholder concerns and relevance, following the materiality assessment conducted in FY2022 and continuous stakeholder dialogue. This assessment helped the Board of Directors ("BOD") realign REDtone's sustainability strategy while ensuring the transparent coverage of material EESG topics. REDtone strives for fairness, timeliness, clarity and reliability in communication.
Reliability of Information Disclosed	The fairness of the statement's content has been: • Final reviewed by the Sustainability Committee; and • Approved by REDtone BOD.
Feedback	REDtone is committed to listening to stakeholders and welcomes feedback on its sustainability reporting and performance.

2.0 SUSTAINABILITY AS A CORE THEME

Creating value for stakeholders, including society, employees and shareholders, is key to long-term resilience and sustainable business growth. Adopting a robust governance structure has helped integrate sustainability throughout the entire Group.

A responsible and sustainable business is a successful business, and this philosophy also applies to our industry. We always strive to set best practices to maintain our integrity and contribute to local communities.

We create shared stakeholder value by delivering sustainable growth and shared value for customers, shareholders, employees and local communities. Focusing on driving a sustainable business ensures that we keep our legal and social licence to operate and maintain our customers' trust. Having healthy, long-lasting customers' relationships and positively contributing to our surroundings gives us a clear competitive advantage. By improving this advantage and acting responsibly today, REDtone safeguards its ability to do good business.

3.0 ENGAGING WITH OUR STAKEHOLDERS

We cannot achieve our aspirations alone; our management approach aligns our corporate activities with societal needs. We focus on gathering feedback from stakeholders and building relationships of trust, reflecting this input in our operations. Paying particular attention to society's views, we identify opportunities and risks from the beginning and provide various options for dialogue with stakeholders. This interaction takes place throughout the financial year under review. We have introduced structures to share feedback throughout the Company.

3.1 REDtone's Stakeholder Engagement Plan

Stakeholder Groups	Areas of Interest	Methods of Engagement
Government and regulators	• Compliance • Impact from operations • Contributions to industry advancement and nation-building	• Reports and compliance • Periodical meetings • Regular communication • Materiality survey
Customers	• Data privacy • Results announcement • Transparent processes	• Customers' satisfaction surveys • Regular visits • Corporate website • Social media • Materiality survey
Employees	• Equal opportunities • Diversity • Career progression • Benefits and rewards	• REDtone intranet • Internal communications such as newsletter • Townhall meeting • Events and functions • Employee grievance system • Materiality survey

3.0 ENGAGING WITH OUR STAKEHOLDERS (CONT'D)

3.1 REDtone's Stakeholder Engagement Plan (Cont'd)

Stakeholder Groups	Areas of Interest	Methods of Engagement
Suppliers	• Fair procurement • Efficient supply chain management	• Service delivery feedback • Collaboration, training and events • Meetings and discussions • Materiality survey
Communities and non-governmental organisations	• Social and economic development • Local community development • Long-term engagement	• Community collaboration and consultation • Philanthropic activities • Volunteerism programmes • Events and roadshows • Materiality survey
Media	• Sustainability matters • Company's performance • Compliance • News releases, updates and projections	• Media releases • Regular updates • Events and roadshows • Materiality survey
Investors and stock analysts	• Business performance • Risk management • Financial Updates	• Results announcement meetings • Annual general meetings • Regular updates and communication • Corporate website • Briefings and updates • Materiality survey

4.0 MANAGEMENT APPROACH

ECONOMIC SUSTAINABILITY
Creating long-term shareholder value and added benefit for all stakeholders

ENVIRONMENTAL SUSTAINABILITY
Striving to reduce the Group's environmental footprint by improving resource efficiency and supporting conservation efforts

SOCIAL SUSTAINABILITY
Engaging with customers and the public according to good market practices and regulatory requirements, conducive workplace practices and community engagement through various initiatives involving the Group's monetary and non- monetary resources

GOVERNANCE SUSTAINABILITY
Ensuring healthy business practices comply with approved policies, standard operating procedures, Malaysian law and other legislation and local and international standards of corporate behaviour.

Promoting fair engagement, accountability and access to justice, internally and externally.

With the emergence of the COVID-19 pandemic, sustainability issues have gained more importance in the decision-making of the various stakeholder groups. The challenges caused by the pandemic brought about disruptive changes to REDtone's business operations during the financial year under review, with impacts across REDtone's EESG sustainability. REDtone had implemented stringent hygiene standards and operational procedures as mandated by the local government authorities to ensure business continuity in the new normal and to safeguard the well-being of its employees and the various stakeholder groups.

SOLUTIONS-ORIENTED SUSTAINABILITY

Sustainability challenges the world faces today call for concerted and immediate action. Out of the 17 SDG Goals, in November 2021 the Sustainability Working Group ("SWG") identified 10 SDGs which were deemed relevant to the whole BCorp Group of Companies. Upon further assessment, it was proposed and subsequently approved to prioritize the following 6 SDGs:

i. SDG 3 - Good health and well-being;
ii. SDG 5 - Gender equality;
iii. SDG 7 - Affordable and clean energy;
iv. SDG 11 - Sustainable cities and communities;
v. SDG 12 - Responsible consumption and production; and
vi. SDG 13 - Climate change.

4.0 MANAGEMENT APPROACH (CONT'D)

SOLUTIONS-ORIENTED SUSTAINABILITY (CONT'D)

In executing these goals, we are governed by:

- ✓ Integrating sustainable values and principles within the value chain of business operations.
- ✓ Effectively engaging stakeholders during the implementation of sustainability initiatives.
- ✓ Regularly reviewing and assessing all sustainability practices and aligning them with REDtone's business objectives.

5.0 MATERIALITY

REDtone identifies EESG impacts that greatly influence stakeholders' assessment and decisions. Aspects that are material to REDtone's operating environment, business context and stakeholders provide the basis for selecting indicators for performance measurements.

Materiality Sustainability matters refer to those that reflect REDtone's significant EESG impacts or substantively influence the assessments and decisions of its stakeholders. The prioritization exercise is conducted annually by REDtone.

The Materiality Matrix below displays the position of the 13 Sub-Themes relative to the degree of importance to REDtone's major stakeholders and its impact on EESG. REDtone's business operation and its MESO of SWG review the Materiality Matrix on an annual basis.

5.1 REDtone's EESG Themes:

EESG	#	Sustainability Topics	Description
6.0 Economic	6.1	Financial Performance	Generate sustainable financial and economic returns and create value for stakeholders to facilitate business sustainability.
	6.2	Procurement Practices - Supply Chain Environmental	Encourage local and sustainable procurement.
	6.3	Community Investment	Contributing to nation-building and advancing industries throughout our diverse businesses.
	6.4	Implications of COVID-19 Pandemic	REDtone is optimistic that the recovery will accelerate in the coming years.
7.0 Environmental	7.1	Waste Management	Proper disposal of waste according to requirements by the local authorities.
	7.2	Energy Management	Efficient use of energy to minimise carbon emissions.
	7.3	Land Remediation	Promoting biodiversity using Smart Farming technology.

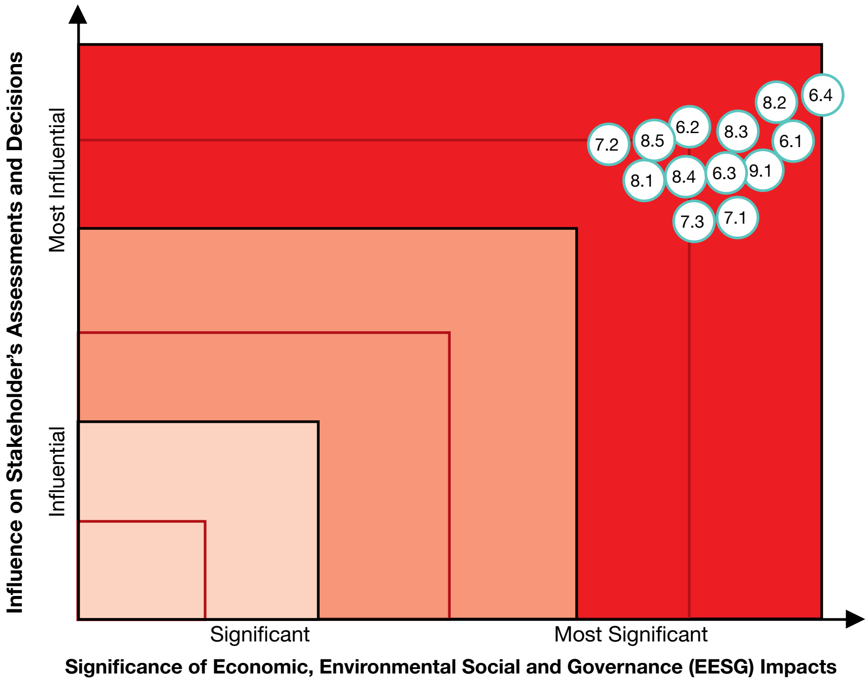
5.0 MATERIALITY (CONT'D)

5.1 REDtone's EESG Themes: (Cont'd)

EESG	#	Sustainability Topics	Description
8.0 Social	8.1	Human Resources Diversity and Gender Equality	**Promote diversity at the workplace.**
	8.2	Employee Health Safety and Well Being	Maintain an injury-free working environment for all employees by following systematic approaches to injury prevention and eliminating workplace health and safety risks.
	8.3	Labour Practices - Human Capital - Supply Chain Social	Provide training and education to expand employees' knowledge base for career development and improve customer service. Attract and retain employees by creating a great place to work by providing welfare and a healthy lifestyle, and regular engagement with employees.
	8.4	Society	Enrich lives in the communities where REDtone operates through various corporate social responsibility (CSR) activities, philanthropy activities, voluntary works, charitable giving and nation-building.
	8.5	Product and Services Responsibility	Approaching all marketing and promotional materials responsibly.
9.0 Governance	9.1	Compliance	Protect REDtone's information (including confidential business data and employee information) and customers' data privacy. Comply with legal (for example, anti-competition regulations, whistleblowing) and other core local operational regulations (for example environmental, labour, and safety and health).

5.0 MATERIALITY (CONT'D)

5.2 REDtone's Materiality Matrix:



6.0 ECONOMIC

While we strive for value creation in the financial report, the economic dimension of this sustainability statement concerns REDtone's impacts on the economic conditions of its stakeholders and economic systems at local and national levels.

REDtone continues to analyse the generation and distribution of added value, to consistently meet stakeholders' expectations while creating value for all other stakeholders.

6.1 Financial Performance

For more information about REDtone's financial performance, please refer to the Group Financial Summary on page 10 of the REDtone Annual Report 2022.

6.0 ECONOMIC (CONT'D)

6.2 Procurement Practices - Supply Chain Environmental

REDtone works with multiple partners, purchasing many different goods and services. We are responsible for extending our influence throughout the value chain to improve the standards of our business partners and suppliers.

Supplier diversity is key to REDtone's business strategy. We build long-term relationships with our suppliers and apply a standard procurement policy and supplier selection methods that communicate our expected health and safety, business ethics and environmental standards. Demanding our high standards from suppliers quickens progress and contributes to a more sustainable economy. We strive to build open and long-term relationships with all strategic partners and suppliers.

There have been no significant non-compliance issues concerning supplier conduct during this reporting year.

i. Local Sourcing and Employment

REDtone prioritises the purchase of local goods and services. We provide local suppliers and contractors with an opportunity to participate in projects and operating requirements, generally through a competitive bidding process. REDtone seeks opportunities for developing local suppliers and promoting local hiring to meet business needs.

ii. Sustainable Supply Chain

Sustainability is a collective effort; we consider suppliers as critical partners contributing to ongoing, sustainable business success. We assess suppliers' sustainability performance and conventional selection criteria such as price, reputation, logistics and quality.

REDtone is committed to building a sustainable supply chain to ensure its supply chain is minimized from the impacts of environmental and social risks, and to achieve as far as practical a stable and sustainable development. Implementing responsible and efficient supply chain management helps REDtone in selecting suppliers and partners that can meet its extremely high standards.

The supplier sourcing assessment includes:

- Social and environmental elements such as energy use, climate change impact measurement including greenhouse gas emissions, pollution, waste reduction, resource use and other environmental issues.
- Complying with applicable environmental laws and regulations and conducting business with respect and care for the local environment by utilising energy and natural resources efficiently and managing waste, emissions and discharges responsibly.

REDtone applies the standard operating procedures ("SOP") for efficient, sustainable and transparent procurement practices. It procures a wide range of products and services which are required for its business, especially for the MTNS. REDtone strives to ensure its pricing, quality, delivery, and continuity of the supply is provided in a reliable and sustainable manner. Suppliers are selected and approved based on their pricing, reputation, and expertise. REDtone adheres to the highest standards in quality and delivery to safeguard REDtone and its stakeholders' interest.

A number of suppliers play an important role in REDtone's success. These suppliers are considered key strategic partners. REDtone encourages business partners and suppliers to adopt and share sustainable practices. All suppliers are encouraged to comply to the Code of Business Ethics and Conduct of REDtone.

During the financial year under review, REDtone received the Notice of Approval from the Malaysian Communications and Multimedia Commission for the designation as a Universal Service Provider for the provision and implementation of the Jalinan Digital Negara ("JENDELA") Phase 1 (Part 2) project. The project covers the design, supply, installation, testing, commissioning, operations of network service equipment and services related to the provisioning of 2G and 4G public cellular services, involving 14 clusters covering 213 sites in Sabah and Sarawak, which are part of the JENDELA initiative. This is partly attributable to the effective standard operating procedures procurement practices.

6.0 ECONOMIC (CONT'D)

6.3 Community Investment

REDtone is committed to support the Malaysian Government's initiative to provide communication access to the underserved areas, and advocate the use of ICT in building a knowledge-based economy through the participation in the Universal Service Provision projects such as "JENDELA", "Time-3", "Pusat Ekonomi Digital Keluarga Malaysia ("PEDi")", and "Wifi".

REDtone has completed 267 sites (FY 2021: 263 sites) for Time-3 Extension project and maintained 57 sites (FY 2021: 56 sites) for Pusat Internet Komuniti; and 201 Wifi sites (FY 2021: 201 Wifi sites) in the state of Johor since previous financial years.

Connecting the "unconnected communities" has helped to improve their economic potential, to empower them with access to new information, knowledge and business opportunities. It paves the way for them to achieve sustainable household income.

REDtone has repaired certain roads in the following towns in order to facilitate its access and to maintain the telecommunication towers which are located in the rural areas. This has facilitated the local communities to connect to the suburban communities and resources.

i. Kem Bina Negara, Negeri Sembilan;
ii. Kampung Pulau Layak, Kelantan; and
iii. Ulu Bertam, Kelantan.

6.4 Implications of COVID-19 Pandemic

The COVID-19 pandemic continued to raise concern impacting the Malaysian economy. Businesses need to embrace and adapt quickly to change in order to survive and thrive in this unprecedented crisis. And the way forward is through technology such as virtual reality and virtual store solutions. REDtone also increased its marketing efforts and secured leads and customers via various digital tools and platforms. REDtone's flexiCraft Holodeck's virtual reality platform provides a panoramic 720-degree virtual tour through retail outlets, property showrooms, hotels, restaurants, museums, and art galleries. It enables REDtone's customers to save on printing promotional brochures and building showrooms. At the same time, it enables their customers to be able to visit their showrooms or stores virtually and make purchases online through eCommerce. The immersive power of virtual reality negates large crowd gatherings.

7.0 ENVIRONMENTAL

In line with global trends, REDtone works towards a digital environment to enrich its customers' experience, create long-term value for REDtone's brand and reduce the negative impact of its operations on the environment through the efficient use of resources and minimising wastage in the course of conducting its businesses. REDtone adopts an integrated approach in order to achieve sustainability in the workplace.

In FY 2022, there were no fines, penalties or non-monetary sanctions for non-compliance with environmental laws and regulations.

7.1 Waste Management

REDtone continues to improve on waste management in its daily operations through several initiatives. Online portals and applications were developed to create multiple touchpoints for REDtone's customers, vendors, and employees. REDtone continues to expand its usage of digital assets to help reduce wastage, maximise productivity, increase efficiency, and enhance its brand experience. The electronic systems that have been introduced during the financial year are final reminder notice for suspended customers, COVID-19 test result portal and Internet-of-Things mobile application.

REDtone also enhanced its in-house developed billing system for customers from TS and IDS core businesses during the financial year under review. The enhanced billing system greatly improves the efficiency of generating multi-tier billing charges and reports for internal use.

7.0 ENVIRONMENTAL (CONT'D)

7.1 Waste Management (Cont'd)

Such digital capabilities facilitate automation work processes to improve resource efficiency and accelerate its emphasis towards a paperless work environment.

REDtone's suites of digital solution flexiCraft has been designed to help our customers, mainly in the property development, retail and manufacturing sectors, to save their marketing cost through the use of Virtual/Augmented Reality and 3D Modelling ("XR") technology. Our flexiXR solution will enable such property developers and retailers to avoid the high cost of building physical showrooms, thus reducing its marketing cost to one tenth the cost of building a physical showroom. Apart from cost savings, building less physical showroom helps cut down the use of wood products, thus inducing a positive impact on the environment.

Deploying through various Metaverse (XR and 3D VR glasses) technology, our latest flexiDesign solution enables manufacturers (in particular product exporters) to collaborate with their overseas partners in their product design effort through a virtual metaverse set up without the need to physically travel to meet each other and to build physical product prototypes or mock ups. This metaverse approach will greatly save time and cost in their product design process, minimize the use of materials (such as wood and metals) to build/change prototypes, and reduce carbon footprint by cutting down on air travel.

7.2 Energy Management

REDtone supports energy efficiency, encourages sustainable energy consumption and promotes renewable energy. REDtone has been proactively implementing changes in the workplace. REDtone uses LED lighting in its offices to save electricity consumption. Auto sensors are installed so that air-conditioning systems and office lighting are automatically switched off whenever the places are unoccupied. REDtone is committed towards energy savings as it reduces REDtone's operating expenses and it minimizes carbon footprint.

REDtone data centres are designed with sustainability in mind and it was incorporated with green technologies which offer energy efficient services, power usage optimisation and cooling capacity enhancement. In addition, our virtual machines and data storage in the form of Cloud Infrastructure-as-a-service ("IaaS") provides for the shared use of hardware servers and peripherals through virtualization technology. As a result, it also contributes to savings for REDtone's customers and reduction in REDtone's carbon footprint.

Most of the MTNS's sites are located in the rural areas of East Malaysia and gensets are needed to operate the base station towers. As part of REDtone's renewable energy efforts, it rents solar hybrid to replace genset which uses diesel to reduce fuel consumption. The savings arising from the change is significant (as shown below) and more importantly, it minimizes the negative impact to the environment.

	12 months ended 30 June 2022	12 months ended 30 June 2021
Genset rental	RM1.0 million	RM3.6 million
Solar Hybrid rental	RM2.8 million	RM2.3 million

7.3 Land Remediation

i. Technology Innovation For A More Sustainable Future

The adoption of smart farming technology is the way forward in agriculture. These smart farming solutions provide an integrated IOT platform that allows farmers to leverage sensor, smart gateways and monitoring systems to collect information, control various parameters on their farms and analyse real-time data in order to make informed decisions.

These smart farming solutions empower farm owners, smallholders and youth to adopt technology, ensuring crops are well nourished and watered without human intervention. The solutions are aimed at increasing farming productivity and quality, reducing labour costs and maintaining the sustainability of the entire value chain.

7.0 ENVIRONMENTAL (CONT'D)

7.3 Land Remediation (Cont'd)

i. Technology Innovation For A More Sustainable Future (Cont'd)

REDtone collaborated with partners such as the Department of Agriculture ("DOA"), an agency under the Ministry of Agriculture and Food Industries Malaysia, Malaysia Digital Economy Corporation ("MDEC"), Agrobank and various institutions of higher learning such as University Teknologi Malaysia, Universiti Teknologi MARA to promote digitalisation in farming. The use of Big Data Analytics is an effective means to address the issues relating to farming and ensure efficient resource planning. The benefits of smart farming are as follows:-

i. Weather prediction as well and soil monitoring sensors for optimal plant growth;
ii. Better control over internal processes for better product distribution;
iii. Increased business efficiency through tracking system;
iv. Better cost management and waste production to mitigate the risk of losing yields; and
v. Enhanced product quality and volume through automation.

REDtone Smart Agriculture provides features such as cloud-hosted Smart Control Panel, the ability to remotely monitor water, soil, and environmental conditions, automation of farm functions, and remote control of these automations. The solutions include automation of irrigation, fertigation and pesticide misting, greenhouse management, use of ultrasonic animal intrusion detection, CCTV, and product tracking, distribution and data analytics. REDtone pilot farms with MDEC showed an average of 20% increase in yield, and an average 20% reduction in operational costs, resulting in a 40% increase in margins for the farmers. Some farms have recorded a drop in crop damage rate from 15% to 3%.

REDtone was awarded the winner for Malaysia APICTA Award 2019 - "Best Industrial Provider for the Agriculture Sector".

8.0 SOCIAL

REDtone acknowledges the importance of social sustainability by putting in place various practices that encompass matters relating to product and service compliance, information security and privacy, employees' safety and health and communities support.

8.1 Human Resources Diversity, Gender Equality and Human Rights

i. Human Resources Diversity, Gender Equality

REDtone adheres to fair employment's policies as it provides fair employment opportunities for all the employees and job applicants. Fairness is promoted across all aspects of REDtone's activities, including, but not limited to, recruitment, hiring, compensation, assignment, training, promotion, discipline, and discharge of personnel.

As at 30 June 2022, REDtone's male executives continued to represent a substantial percentage i.e. 71% of the total executives' workforce (FY 2021: 72%). The main reason for gender inequality is primarily due to the nature of the MTNS business, whereby the work involves site engineers climbing telecommunication towers to perform tower check, installation of microwave towers and provision of technical services such as deployment and integration.

The summary of executives' headcount in REDtone is as follows:-

Executives' headcount (in %)		12 months ended 30 June 2022	12 months ended 30 June 2021	12 months ended 30 June 2020
Gender headcount	Male executive	71	72	71
	Female executive	29	28	29

8.0 SOCIAL (CONT'D)

8.1 Human Resources Diversity, Gender Equality and Human Rights (Cont'd)

ii. Human Rights

REDtone is committed to respecting human rights concerning the elimination of forced labour, child labour and discrimination in the workplace. We have zero tolerance for child labour and forced labour and comply with child labour laws.

The commitment is reflected in REDtone's Code of Conduct and Human Resource policies. Labour standards are communicated to all employees upon joining the Company. All employees are expected to adhere to our Code of Conduct and acknowledging that they have read, understood and will abide by the policy through submission of the Staff Declaration Form.

We also have a whistleblowing policy in place which is published in REDtone's website for both internal and external stakeholders to report any violations or grievances. There were reports through REDtone's whistleblowing channel in recent years. These reports are not significant in nature and they were addressed properly. For more information please refer to REDtone's Whistle-blowing Policy and Procedures at https://www.redtone.com/investor-relations/whistleblower/.

8.2 Employees' Health Safety and Well Being

i. Occupational Safety and Health ("OSHA")

REDtone is committed to providing its staff and contractors who are approved to work at REDtone's sites, a healthy and safe environment. To achieve this, REDtone continues to improve and fully integrate safety, health and environment sustainability in all aspects of its operations to minimize workplace injuries and illness, safeguard the environment and promote sustainability awareness and practices.

REDtone has established its OSHA Committee headed by it's CEO together with its representative from each of the 7 regions to ensure best practices are well communicated and adopted at the workplace. Various initiatives are taken to ensure the following practices are adopted.

- Implementing and maintaining a policy that ensures the systematic management of safety, occupational health and environment sustainability through compliance with relevant legal requirements;
- Setting, communicating and achieving measurable objectives and targets aimed at managing risk, awareness of health and safety, management of environmental aspects and impacts, reducing the use of natural resources, minimizing and preventing adverse environmental impacts;
- Ensuring continual improvement in achieving the objectives of this policy through integration of best practices into REDtone's activities;
- Providing employees the necessary training and certification as a step-up measure of their understanding and knowledge concerning workplace safety and to keep abreast of the latest relevant industry safety regulations, policies and procedures; and
- Incorporating environmental sustainability principles, awareness and understanding into REDtone's activities and community engagement.

As part of the best practice, REDtone's field engineers are required to undergo safety induction training before they are assigned to their respective sites. They are also required to obtain a Construction Industry Development Board Malaysia card as a validation of their understanding and knowledge concerning workplace safety.

The summary of Safety Induction Trainings over the last three (3) financial years is as follows:

Details	12 months ended 30 June 2022	12 months ended 30 June 2021	12 months ended 30 June 2020
Safety Induction Trainings (number of trainings)	23	15	11

8.0 SOCIAL (CONT'D)

8.2 Employees' Health Safety and Well Being (Cont'd)

i. Occupational Safety and Health ("OSHA") (Cont'd)

In order to reduce REDtone's field employees' exposure to workplace hazards, REDtone ensures Personal Protective Equipment are available. In addition, REDtone's safety personnel are certified by the National Institute of Occupational Safety and Health and they keep abreast of the latest industry safety regulations, policies and procedures.

REDtone's site personnel are Hazard Identification, Risk Assessment and Risk Control trained. An annual risk assessment is conducted on safety-related facilities in REDtone's business and operation premises.

REDtone promotes a safety, occupational, health and environment philosophy through effective communication and consultation, the systematic identification, assessment and control of hazards, environmental aspects and impacts, and integrating principles of ecologically sustainable development in REDtone's activities. As such, a commitment to safety, occupational health and environment is now an integral part of this organisation.

The summary of safety and occupational incidents over the safe man-hours worked over the last three (3) financial years is as follows: -

Description	FY 2022	FY 2021	FY 2020
Fatalities Case	0	0	0
Lost Workday Case (LWC)	0	0	0
Restricted Workday Case (RWC)	0	0	0
First Aid Case (FAC)	0	1	0
Near Miss Case	0	0	0
Dangerous Occurrence Case	1	0	0
Fire Case	0	0	0
Property Damage Case	1	0	0
Vehicle Accident Case	1	1	0
No of Days Lost	0	0	0
Total Safe Man-hours Worked	288,156	299,520	149,760

ii. Well-Being

The COVID-19 pandemic has raised new challenges in business operations. To help in curbing the spread of the virus, REDtone has established and implemented the SOPs for COVID-19. The flow identifies health and safety practices applicable to our operations, including communication, quarantine procedures, PCR/antigen rapid testing and office closure.

The Company also ensures that all SOPs are strictly adhered to by all employees. To create and maintain a safe environment during the pandemic, the Company provides COVID-19 antigen rapid test kits for its employees to test on a weekly basis. Employees must upload their test results image with their name and test date into REDtone's intranet portal before reporting to work for the week. At the same time, we also ensure that not more than 50% of our workforce are present in office to minimise the risk of COVID-19 exposure. Other safety measures include regular sanitisation and disinfection, mask-wearing at all times, temperature checks and provision of hand sanitizers. Virtual meetings are encouraged whenever possible.

The Company also encourages its employees to take vaccination and staffs, are given paid leave to go for their vaccination. As at 30 June 2022, 99.43% of the employees have taken their COVID-19 vaccination.

The wellbeing of REDtone's employees, continues to be of paramount importance because they are the 'backbone' of REDtone's business. REDtone emphasizes a safe and healthy work environment and REDtone's employees are given training to ensure work safety in office and at sites.

8.0 SOCIAL (CONT'D)

8.3 Labour Practices – Human Capital – Supply Chain Social

i. Company Branding, Talent Management and Employees' Engagement

Effective communication is important for the ongoing corporate success. Engagement channels were modified to comply with COVID-19 best practices to help employees to stay motivated and connected during this pandemic period. Maintaining a high level of employees' engagement is important for REDtone to attract and retain its talents.

Various communication and interactive activities are organized to increase virtual interaction among its employees such as virtual meet-ups, online activities, webinars and virtual townhalls. Every employee's voice is heard as far as practicable, and aspirations are fulfilled by the Company. REDtone practises an open-door policy whereby open communication is encouraged, and the use of intranet portals provides a platform for employees' feedback and dissemination of REDtone's information.

ii. Learning and Development

REDtone is passionate about continuous education and employees' development. REDtone Academy, with its in-house trainer, continues to provide training and development modules to assist its employees to reach their full potential to meet its business needs and contribute to the success of the Company.

Trainings were conducted virtually since the onset of MCO in March 2020 and the virtual trainings will continue as part of adhering to the strict SOPs by the Company.

The types of training which were attended by REDtone's employees are as follows:-

Type of Training	12 months ended 30 June 2022	12 months ended 30 June 2021	12 months ended 30 June 2020
	Number of participants		
Finance & Accounting	95	14	7
Management	23	89	26
Product & Services	167	132	95
Safety & Health	254	296	51
Soft skills	956	611	571
Technical	204	266	144
Others	395	562	3
Total	2,094	1,970	897

Training	Unit of Measurement	FY 2022	FY 2021	FY 2020
Total training time as a Company	Hours	7,504	6,332	5,868
Average number of hours of training per year per employee	Hours	22.5	19.7	19.8
Average days per employee	Days	2.8	2.3	2.3

From time to time, employees familiarise themselves with REDtone's Principles of Business Conduct. There were no cases of non-compliance with labour standards during this reporting period.

8.0 SOCIAL (CONT'D)

8.4 Society

REDtone believes corporate social responsibility ("CSR") programme can make a positive difference to the communities where it operates. REDtone is firmly committed to our CSR programme's sustainability through several key initiatives.

i. Community Support

In November 2021, REDtone participated in an Annual Donation Drive iniatiated by the Koperasi Angkatan Wanita Bersatu Kuala Lumpur Berhad with the support of Berjaya Group to provide aid to 2,000 university students from Universiti Kebangsaan Malaysia, Universiti Putra Malaysia, Universiti Teknologi MARA and University Islam Antarabangsa, all whom are from the B40 families. Pre-loved clothes were collected and donated to the students.

In December 2021, the unexpected flood had hit several states in Malaysia and had caused immense distress to many homes, including eight (8) of REDtone's employees. REDtone's Human Resources Department had organised a Flood Donation Drive, which managed to collect cash contribution of RM8,060 from the employees. The Company contributed another RM32,000. With a total of RM40,060 collected, the affected employees received about RM5,000 each.

In February 2022, REDtone collaborated with Pusat Darah Negara for a Blood Donation Campaign and managed to collect 46 bags of blood from 70 donors.

In April 2022, REDtone organised a charity drive for the children of Rumah Anak Yatim dan Miskin Jalinan Kasih Selangor, a home located at Cheras, Selangor, for about 40 orphaned children (ranging from 10 months to 17 years old) and 8 employees. REDtone's employees donated a sum of RM3,854 and it was spent on baju raya, food, Raya packet and cash donation to the home.

As at to date, REDtone has won more than 39 corporate awards over the past 20 years and for the first time in July 2019, it won an award in the CSR category. REDtone was named the winner in the "Social Empowerment" category at the Asia Responsible Enterprise Awards held in Taiwan.

ii. Sports

REDtone is the Silver sponsor for LAKSAMANA Virtual Run & Ride 2021 (from October to December 2021) for the second consecutive year. It is an honour to be part of this wonderful annual fundraising event. Organised by the Tunku Laksamana Johor Cancer Foundation, the Laksamana Run spreads awareness of cancer while raising vital funds for the foundation to assist financially-challenged cancer patients in their fight against the disease.

With the COVID-19 pandemic causing economic hardship for many, this charity run provides a timely opportunity for us to come together to help ensure cancer patients continue to receive the essential care and treatment they need.

8.5 Product and Services Responsibility

i. Customers' Care and Experience

REDtone's vision is to continue to serve and make a positive impact to the community by delivering reliable digital infrastructure and services. "Flexibility", "Value" and "Dependability" are key objectives set out by REDtone to its customers, underscoring a firm commitment to delivering reliable services with professionalism.

9.0 GOVERNANCE

9.1 Compliance

i. Information Data Security and Privacy

REDtone Data Centre Sdn Bhd ("RDC") has successfully obtained the renewal of SIRIM ISO/IEC 27001:2013 certification in January 2021 for the implementation of the Information Security Management System with a 3-year validity period.

The certification of SIRIM ISO/IEC 27001:2013 provides the following benefits:-

i. ensures the preservation of confidentiality, integrity and availability of its information systems;
ii. assures the authenticity, accountability, non-repudiation and reliability of its information systems;
iii. provides assurance to its customers and stakeholders that their information is secure from damage, loss and misuse; and
iv. improved reputation for integrity and security in its business processes.

RDC's customers requested directly or indirectly for this ISO certification as a requirement to engage RDC as their service provider.

In addition to ISO 27001:2013, RDC is also Payment Card Industry Data Security Standard ("PCI-DSS") certified. PCI-DSS is a security standard issued by the Payment Card Industry ("PCI") Council for security of payment card information. This compliance is a requirement by Bank Negara Malaysia for all Malaysian financial institutions, e-Money and payment operators who uses REDtone's data centre and cloud infrastructure and related IT services.

The PCI-DSS certification is aimed to accomplish the following objectives:-

i. establishing and maintaining a set of policies, standards, and procedures for the security of the infrastructure that support customers' systems;
ii. deploying relevant security technologies in accordance with the PCI-DSS;
iii. educating employees on information security best practices;
iv. establishing critical roles and responsibilities to support the PCI Program;
v. proactively identify and document key changes impacting PCI compliance; and
vi. establishing a governance model for the maintenance of the PCI Program.

ii. IT Integrity and Cyber Security

In view of the increase in demand for cloud and mobile computing, REDtone adopts a more proactive approach in managing financial risks, corporates' reputation and customers' satisfaction.

As a result of the increase in cybersecurity issues, REDtone increased its efforts to drive awareness of risks among its enterprise's customers. Improving the reliability of infrastructure networks is important to REDtone as customers rely on the stability of its services.

Engaging a holistic approach to cybersecurity, REDtone's solutions are incorporated with sufficient security and compliance features which enable REDtone in providing comprehensive solutions for its customers.

iii. Ethical Business Conduct

REDtone has adopted a zero-tolerance approach against bribery and corruption and is committed to conducting business following local applicable laws, rules and regulations.

There have been no major disciplinary cases reported for corrupt practices which resulted in the dismissal of employees. We have zero fines and penalties from the authorities in the current reporting period.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of REDtone Digital Berhad recognises the importance of upholding good corporate governance in the discharge of its duties and responsibilities to uphold shareholders' confidence and enhance shareholder value.

In its application of corporate governance practices, the Board has taken into consideration the enumerations of the Malaysian Code on Corporate Governance ("MCCG" or "Code") 2021 and Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This Statement is to be read together with the Corporate Governance Report ("CG Report") of the Company which is available on the Company's website at www.redtone.com.

This Statement is to provide shareholders and other stakeholders with an overview of the Group's application of the following three (3) Principles set out in the MCCG.

(a) Principle A: Board Leadership and Effectiveness;
(b) Principle B: Effective Audit and Risk Management; and
(c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Details of application for each practice of the Code during the financial year ended 30 June 2022 are disclosed in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

A. Board Responsibilities

Board of Directors

The Board is responsible for the leadership, oversight and the long-term success of the Group. The Board fully understands their collective responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation in order to safeguard shareholder value.

In discharging its fiduciary duties and leadership functions, it is imperative for the Board to govern and set the strategic direction of the Company while exercising oversight on management. To ensure the effective discharge of its function and duties, the principal responsibilities of the Board include the following specific areas:

- Strategic business plan and direction of the Group
- Promote good corporate governance culture within the Group
- Investment and divestment proposals
- Approval of financial results
- Ensuring integrity of financial and non-financial reporting
- Risk management
- Succession planning of Board and Senior Management
- Board appointments, their fees and remuneration
- Dividend policy
- Reviewing the adequacy and integrity of the Group's internal control systems
- Implementing effective public communications and investor relations policies

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

A. Board Responsibilities (Cont'd)

Chairman of the Board

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, the Chairman of the Board, is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board as well as maintaining regular dialogue with the Executive Director over all operational matters. The Chairman will act as facilitator at meetings of the Board to ensure that no Board member, whether executive or non-executive, dominates discussion, and that appropriate discussion takes place and relevant opinion among Board members are forthcoming.

The profile of the Chairman is set out in the Board of Directors' profile of this Annual Report, whereas the roles and responsibilities of the Chairman are clearly specified in Appendix B of the Board Charter, which is available on the Company's website at www.redtone.com.

The Board recognises that an element of strong independence of the Board is essential to ensure a balance of power and authority. The positions of the Chairman and the Group Chief Executive Officer are held by two (2) different individuals and their roles and responsibilities are clearly segregated to further enhance and preserve a balance of authority and accountability. The Chairman provides overall leadership to the Board, without compromising the principle of collective responsibility for Board's decisions while the Group Chief Executive Officer focuses primarily on formulation and implementation of business strategies, oversees the implementation of the Board's decisions and policies, as well as supervises the day-to-day management and running of the Group.

Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company and to use their best endeavours to attend meetings.

The Board meets every quarter, with the meetings scheduled well in advance before the commencement of the calendar year to facilitate the Directors in managing their meeting plans. Additional meetings, including special meetings are convened whenever necessary.

As at the date of this Annual Report, the Board comprises seven (7) Directors, of whom three (3) are Independent Non-Executive Directors, one (1) is an Executive Director and three (3) are Non-Independent Non-Executive Directors.

During the financial year ended 30 June 2022, there were a total of five (5) board meetings held, details of the Directors' attendance at the meetings are summarised below:

NAME OF DIRECTORS	Attendance
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	4/5
Mr. Lau Bik Soon	5/5
Mr. Kua Choo Kai (Appointed on 14 February 2022)	2/2
Dato' Mohd Zaini Bin Hassan	5/5
Dato' Avinderjit Singh A/L Harjit Singh	5/5
Ms. Loh Paik Yoong	5/5
Dato' Sri Badrul Hisham Bin Abdul Aziz (Appointed on 1 September 2022)	0/0
Encik Zakaria Bin Abdul Hamid (Resigned on 31 August 2022)	5/5
Encik Abdul Jalil Bin Abdul Rasheed (Resigned on 31 March 2022)	4/4
Mr. Mathew Thomas A/L Vargis Mathews (Retired on 1 December 2021)	3/3

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

A. Board Responsibilities (Cont'd)

Company Secretary

All Directors have full access to the advice and services of the Company Secretaries, who are suitably qualified, experienced and competent. The Company Secretaries ensure that the Board procedures are adhered to at all times. The Company Secretaries play an advisory role to the Board on the Board's policies and procedures and advise the Board on any updates relating to new statutory and relevant regulatory requirements including corporate governance developments and the resultant implications of any change therein to the Group and Directors in respect of their duties and responsibilities.

The Company Secretary attends and ensures meetings of Board and Board Committees are properly convened while proper records of the deliberations at the meetings and resolutions passed are maintained accordingly at the registered office of the Company.

Access to Information and Advice

The Directors have full and timely access to information concerning the Company and the Group. The relevant meeting agenda complete with relevant meeting papers and matters for discussion are prepared and circulated to the Directors in advance prior to each Board and Board Committee meetings, which enable the Directors to have sufficient time to peruse and assess the meeting papers and obtain explanations from the Management or Company Secretary, in order to have a constructive and effective discussion at the meetings.

The Directors, whether as a full Board or in their individual capacity, may seek independent professional advice at the Company's expense on specific issues and gain access to relevant information whenever required to enable the Directors to discharge their duties more effectively.

Board Charter

The Company's Board Charter which clearly sets out the respective roles and responsibilities of the Board as a whole, the individual Directors and the Board Committees, serves as a source of reference to the Directors. The Board Charter is publicly available on the Company's website at www.redtone.com.

The Board has reserved certain matters for collective decision of the Board for its review including the approval of Group strategic plans, financial statements, dividend policy, risk management, significant acquisitions and disposals, investments in significant joint ventures, significant property transactions, significant capital expenditure, Board appointments, Directors' fees and remuneration etc, to ensure proper delegation of authority to the Board Committees and Management without abdication of its responsibility. The Board Charter is reviewed as and when deemed necessary to ensure its relevance and to remain consistent with the Board's objectives and responsibilities. The Board Charter was last reviewed by the Board in August 2022.

Code of Conduct

The Board is guided by the Directors' Code of Best Practice embedded in the Board Charter which sets out the ethical standards, to ensure the Board upholds high standards of integrity and accountability at all times.

The Group has also in place a Code of Conduct and Ethics covering business ethics, workplace safety and employees' personal conduct. It provides guidance as to the ethical conduct to be complied, to uphold the principles of honesty and integrity, to ensure all employees maintain and uphold a high standard of ethical and professional conduct in the course of performance of their duties and responsibilities. The Code of Conduct and Ethics is available on the Company's website at www.redtone.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

A. Board Responsibilities (Cont'd)

Whistleblowing

A Whistleblowing Policy is in place to provide the appropriate communication and feedback channels to facilitate whistleblowing, as well as to guide and address any reports of wrongdoing under the Code of Conduct and Ethics, including communication through the Company's website. The Whistleblowing Policy, which is published on the Company's website, was revised in August 2022, and sets out the processes and procedures for employees or members of the public to report genuine concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

B. Board Composition

Board Composition and Balance

The current Board consists of seven (7) members, of whom three (3) are Independent Non-Executive Directors, one (1) is an Executive Director and three (3) are Non-Independent Non-Executive Directors. This composition fulfills the requirements of Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities, which stipulates that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are independent directors.

The Board acknowledges that each of the Directors of the Company with their multi varied experiences, backgrounds and qualifications provide effective contribution and support to the functions of the Board. All newly appointed Directors will undergo the Mandatory Accreditation Programme as required by Bursa Securities.

The profiles of the Directors are set out in the Board of Directors' Profile of this Annual Report.

Board Committees

For the effective functioning of the Board, the Board has established the following Board Committees to assist in the discharge of its stewardship role:

(i) Audit Committee;
(ii) Nomination Committee; and
(iii) Remuneration Committee.

The Board Committees operate within clearly defined terms of reference duly approved by the Board and which are reviewed as and when necessary (latest revision was in August 2022). The Chairman of the respective Board Committees reports to the Board on proceedings and outcome of the Board Committee meetings, together with their recommendations, while the ultimate responsibility for decision making lies with the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. Board Composition (Cont'd)

Nomination Committee

The Nomination Committee, chaired by the Independent Non-Executive Director, is established to assist the Board to consider, identify, assess and nominate new candidates for directorship and Board Committees' membership. In the selection process, the Nomination Committee does not set any target on gender, ethnicity or age diversity but endeavour to include any member who will improve the Board's overall compositional balance. The Nomination Committee assesses a candidate's profile, skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity before recommending the candidate for appointment as a new director to the Board for consideration.

In discharging its responsibilities, the Nomination Committee performed the following activities during the financial year ended 30 June 2022:

- Conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each Director and Board Committee;
- Assessed the independence status of the Independent Non-Executive Directors of the Company;
- Evaluated the performance of the Board Committees and each of its members;
- Reviewed and recommended to the Board, the re-election of the Directors who were due for re-election by rotation at the Nineteenth Annual General Meeting of the Company;
- Recommended to the Board on the retention of Dato' Mohd Zaini Bin Hassan, the Independent Non-Executive Director of the Company, who has served the Board for a cumulative term of more than nine (9) years, to be retained as an Independent Non-Executive Director of the Company pursuant to MCCG at the Nineteenth Annual General Meeting of the Company;
- In accordance with Rule 15.20 of the ACE Market Listing Requirements of Bursa Securities, the Nomination Committee also reviewed the terms of office and performance of the Audit Committee and each of its members. The Nomination Committee was satisfied that the Audit Committee and its members had carried out their duties in accordance with the terms of reference of the Audit Committee;
- Reviewed and assessed the profile and independence of Mr. Kua Choo Kai before recommending to the Board for appointment as an Independent Non-Executive Director of the Company; and
- On 23 August 2022, reviewed and assessed the profile of Dato' Sri Badrul Hisham Bin Abdul Aziz before recommending to the Board for appointment as a Non-Independent Non-Executive Director of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. Board Composition (Cont'd)

Tenure of Independent Directors

The Board believes there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs coupled with their calibre, qualifications, experience and personal qualities.

Practice 5.3 of the Code states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Nonetheless, Practice 5.3 also states that the Board should justify and seek annual shareholders' approval through a two-tier voting process if the Board intends to retain an independent director beyond nine (9) years.

Dato' Mohd Zaini Bin Hassan was appointed to the Board as an Independent Non-Executive Director on 23 April 2012.

The Nomination Committee had undertaken a review and assessment of the level of independence of the Independent Directors of the Board and based on the assessment, the Board is generally satisfied with the level of independence demonstrated by the Independent Directors, i.e. they are independent of management and free from any business dealing or other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgement.

Based on the assessment carried out, it has been determined that Dato' Mohd Zaini Bin Hassan, who has served the Board for a cumulative term of more than nine (9) years, remains objective and independent in expressing his views and in participating in deliberation and decision making of the Board and Board Committees.

The Board recommends to seek the shareholders' approval at the forthcoming Twentieth Annual General Meeting ("AGM") to retain Dato' Mohd Zaini Bin Hassan as an independent director of the Company.

Boardroom Diversity

The Board acknowledges the importance of diversity in terms of age, gender and race, and recognises the benefits of this diversity. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. Therefore, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

The Board currently has two (2) female Directors, namely YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail and Ms. Loh Paik Yoong. The Board is comfortable with the current size and composition which is balanced and appropriate, where the required mix of skills, experience and industry-specific knowledge of the respective Directors are sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements. The Board will continue to be mindful of the gender diversity guideline when considering future changes to the Board's composition.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. Board Composition (Cont'd)

Appointment and Re-election to the Board

The Board delegates to the Nomination Committee the responsibility of recommending and considering the prospective candidates for new appointments to the Board. The Board takes cognisance of the guidelines of the Code to utilise a variety of approaches and sources to identify suitable candidates, which may include sourcing from a directors' registry, open advertisements or the use of the independent search firms. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and formal and the appointments are made on merits.

During the financial year and up to the date of this report, with the support of the Nomination Committee who had assessed the candidates' profiles, the Board had appointed two (2) new Directors.

Mr. Kua Choo Kai was appointed to the Board as an Independent Non-Executive Director on 14 February 2022. He had been in the accounting profession for almost 38 years. His professional service experiences were in internal and external audits, information systems assurance, enterprise risk management framework, corporate governance framework, financial and management advisory; and in industries including automation, technology, telecommunications, property development and construction, gaming, consumer products and healthcare.

Dato' Sri Badrul Hisham Bin Abdul Aziz ("Dato Sri Badrul Hisham") was appointed to the Board as a Non-Independent Non-Executive Director on 1 September 2022. Dato' Sri Badrul Hisham is a Selangor-born entrepreneur. He has more than 10 years of experience in various business segments such as construction, property development, food and beverages, information technology (IT), and other services. Both, Mr. Kua Choo Kai and Dato' Sri Badrul Hisham's vast knowledge and experience complements the Board's current mix of skills and competency.

The Board will, from time to time continue to review its composition and size to ensure its effectiveness in its pivotal role in the stewardship of its strategic business direction and ultimately in the enhancement of its long-term shareholder value.

The retiring Directors standing for re-election at the AGM are recommended by the Nomination Committee. Thereafter, the Board approves and recommends for tabling to the shareholders for approval at the AGM. Pursuant to Clause 117 of the Company's Constitution, one-third (1/3) of the Directors for the time being shall retire from office at every AGM of the Company and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. New directors appointed by the Board shall hold office only until the conclusion of the AGM and shall be eligible for re-election at such AGM pursuant to Clause 116 of the Company's Constitution.

At the forthcoming AGM of the Company, the following Directors are due for retirement and are eligible for re-election pursuant to the Company's Constitution as follows:-

Directors		Clause of the Company's Constitution
(i)	Dato' Avinderjit Singh A/L Harjit Singh	Clause 117
(ii)	Dato' Mohd Zaini Bin Hassan	Clause 117
(iii)	Mr. Kua Choo Kai	Clause 116
(iv)	Dato' Sri Badrul Hisham Bin Abdul Aziz	Clause 116

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. Board Composition (Cont'd)

Board and Board Committees' Annual Assessment

The Board, through the Nomination Committee conducts annual assessment of the Board, Board Committees and individual Directors to assess their performance and to identify areas for improvement. The annual assessment comprises Board and Board Committee Assessments, Board Skills Matrix Evaluation and Audit Committee Assessment which are guided by the Corporate Governance Guide 4th Edition issued by Bursa Malaysia Berhad. They are completed by the respective Board Committees and Directors, to provide feedback, views, and suggestions for improvement. The results of the assessments and comments by Directors are summarised and deliberated at the Nomination Committee meeting and thereafter, the Nomination Committee Chairman will report the results of the assessment to the Board.

The assessment of the Board and Board Committees is based on specific criteria, covering areas such as the Board structure, mix of skills, Board operations, roles and responsibilities of the Board and Board Committees as well as the Chairman's roles and responsibilities.

The annual assessment enables the Board to ensure that each of the Board member has the competency, experience, character, integrity and time availability, including the right mix of skills to effectively discharge their respective roles. On an overall basis, the Board is satisfied with the results of the assessment, whereby the size of the Board is optimum, well-balanced with the appropriate mix of skills and experience in the composition of the Board.

Directors' Training

The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. The Board shall ensure compliance with the Mandatory Accreditation Programme as required by Bursa Securities for the newly appointed Directors.

All Directors have attended relevant trainings, conferences and seminars on an ongoing basis to ensure that they are kept abreast of the latest developments and changes to the regulatory requirements that may affect their roles as Directors of the Company. The Nomination Committee will also assess the training needs of the Directors from time to time to ensure the Directors are equipped with relevant knowledge and skills to discharge their duties more effectively.

During the financial year under review, the continuous education programmes attended by the Directors are as follows:

Director	Title of Programmes/Seminars/Courses/Forum
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	• Assessing your organizational culture
Mr. Lau Bik Soon	• Cultivating a Positive Organizational Culture in Remote Working Environments • Present & Post Covid Syndrome Treatment • Global, Regional & Malaysia Economic Updates • Post Pandemic Sales and Marketing Strategies • Succession Planning Without A Successor: The New Trend in Succession Planning • The Secret of Body Language
Mr. Kua Choo Kai	• Recent MASB developments and amendments, accounting for supply chain financing and changes to lease terms due to COVID-19 pandemic • EY Budget 2022 webinar • Mandatory Accreditation Programme • Amnesty for Value Added Tax • RPT / RRPT and Corporate Disclosure

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

B. Board Composition (Cont'd)

Directors' Training (Cont'd)

During the financial year under review, the continuous education programmes attended by the Directors are as follows: (Cont'd)

Director	Title of Programmes/Seminars/Courses/Forum
Dato' Mohd Zaini Bin Hassan	• Assessing your organizational culture
Dato' Avinderjit Singh A/L Harjit Singh	• Macroeconomics & Investment Strategies for Business Sustainability
Ms. Loh Paik Yoong	• Corporate Governance Revisited: The co-existence of Ethics & Law sets • Value Creation Strategies: An innovative take on creating impactful, healthy companies • ESG Reporting Health Check • ESG, Islamic Finance and The Accountancy Profession: The Way Forward • Overview of cross-border compliance issues on Anti-Money Laundering Laws in Asia • Tax Highlights of Malaysia's Budget 2022 • KPMG Tax & Business Summit 2021 • SC's Audit Oversight Board Conversation with Audit Committees • Malaysia Budget 2022 • Special Voluntary Disclosure and Amnesty Program for Indirect Taxes • Cooperative Tax Compliance: A Tax Audit Journey
Encik Zakaria Bin Abdul Hamid	• Comprehensive Workshop on Commercial Writing, Professional Careers (TV Drama Script Writing – Adaptation from Popular Novel) • Acting Workshop Organized by the Malaysian Veteran Artists Foundation

The Directors continue to gain updates through the briefings by Company Secretary, Internal and External Auditors during the quarterly meetings as well as communications with other Directors and their daily work exposures. In addition, the Directors are also updated from time to time by the Company Secretary on any change to legal and governance practices, new accounting and auditing standards that may have impact on the Group's businesses via electronic means.

C. Remuneration

The Group strives to ensure that there are formal and transparent Directors' remuneration policies and procedures in place to attract and retain Directors of the calibre needed to run the Group successfully.

The Board has established a Remuneration Committee with an objective to assist the Board in recommending a fair and attractive remuneration framework, which includes the remuneration packages and other terms of employment for the Executive Directors and Senior Management. In formulating the framework and levels of remuneration, the Remuneration Committee ensures the remuneration policy remains supportive of the Company's corporate objectives, is aligned with the interests of the shareholders, is able to attract, retain and motivate the Executive Directors and Senior Management, and is reflective of their experience and level of responsibilities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

C. Remuneration (Cont'd)

The Board, as a whole, determines the fees of the Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his/her own remuneration. Taking into account the performance of the Group and the responsibilities of the Directors, the Directors' fees are set in accordance with a remuneration framework comprising responsibility fees and attendance fees.

The Remuneration Policy of the Company is accessible on the Company's website at www.redtone.com.

Details of the Directors' remuneration categorised into appropriate components for the financial year ended 30 June 2022 are as follows:-

	Company				Group			
	Salaries/ Bonus (RM)	Fees (RM)	Allowance (RM)	Other Emoluments ^ (RM)	Salaries/ Bonus (RM)	Fees (RM)	Allowance (RM)	Other Emoluments ^ (RM)
Executive Director								
Mr. Lau Bik Soon	–	–	–	–	912,300	–	95,600	129,300
Non-Executive Directors								
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	–	360,000	–	7,100	–	360,000	–	7,100
Mr. Kua Choo Kai @	–	27,200	–	5,200	–	27,200	–	5,200
Dato' Mohd Zaini Bin Hassan	–	50,400	–	15,800	–	50,400	–	15,800
Dato' Avinderjit Singh A/L Harjit Singh	–	42,000	–	8,600	–	42,000	–	8,600
Ms. Loh Paik Yoong	–	48,000	–	15,800	–	48,000	–	15,800
Encik Zakaria Bin Abdul Hamid *	–	42,000	–	8,600	–	42,000	–	8,600
Encik Abdul Jalil Bin Abdul Rasheed #	–	180,000	–	7,100	–	180,000	–	7,100
Mr. Mathew Thomas A/L Vargis Mathews **	–	30,100	–	9,200	–	30,100	–	9,200

Notes:-

^ Other emoluments are inclusive of meeting allowance and employer's provident fund contributions
@ Appointed on 14 February 2022
* Resigned on 31 August 2022
# Resigned on 31 March 2022
** Retired on 1 December 2021

The Board has considered and is of the opinion that the disclosure of the top five (5) Senior Management's remuneration on a named basis would not be in the best interest of the Group due to confidentiality and security concerns as well as the competitive conditions for talent in the telecommunications industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

A. Audit Committee

The principal objective of the Audit Committee as guided by its terms of reference, is to assist the Board in discharging its statutory duties and responsibilities relating to financial reporting process and internal controls of the Group.

The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, all of whom possess a wide range of necessary skills and are financially literate to effectively discharge their duties. The Audit Committee is chaired by an Independent Non-Executive Director, Mr. Kua Choo Kai, who is not the Chairman of the Board.

None of the Audit Committee members was a former key audit partner of the Company.

Pursuant to Practice 9.2 of the MCCG, the terms of reference of the Audit Committee includes a policy on observation of a cooling-off period of at least three (3) years for a former key audit partner before they can be considered for appointment as an Audit Committee member.

The Audit Committee has explicit authority to communicate directly with the external auditors. The external auditors are invited to attend the Audit Committee meeting at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the Audit Committee will also have private sessions with the external auditors without the presence of the Executive Director and Management to discuss any concerns including the Management's cooperation in the audit process, quality and competency in the financial reporting function, sharing of information and audit issues encountered during the course of their audit work.

The Audit Committee annually reviews and assesses the performance, suitability, objectivity and independence of the external auditors and the level of non-audit services rendered by the external auditors which may impair their objectivity and independence as external auditors of the Company. After assessing the suitability and independence of the external auditors, Messrs. Ernst & Young PLT ("EY"), the Audit Committee has recommended to the Board for approval, the re-appointment of EY as external auditors of the Company for the ensuing financial year ending 30 June 2023.

An overview of the summary of works undertaken by the Audit Committee is set out in the Audit Committee Report of this Annual Report.

B. Risk Management and Internal Control Framework

<u>Risk Management and Internal Control</u>

The Board acknowledges its overall responsibility for continuous maintenance of a sound risk management framework and effective system of internal control. The Board has the overall responsibility to review and monitor the Group's risk management and internal control system which provides reasonable assurance of an effective and efficient operation, compliance with laws and regulations and to safeguard shareholders' investment and the Group's assets. A Management-level Risk Management Committee, headed by the Group Chief Executive Officer, which reports to the Audit Committee, oversees the Enterprise Risk Management Programme, a programme to assist in the identification and management of the significant risks faced by the Group.

Details of the Company's risk management framework and internal control system are disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

For the financial year ended 30 June 2022, the Board had reviewed the risk management and internal control system of the Group and is of the view that the system is adequate and effective as there were no material weaknesses and/or reported shortfalls in the risk management practices and internal control system which has resulted in and/or gave rise to any material loss, contingency and/or uncertainty to the Group.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

B. Risk Management and Internal Control Framework (Cont'd)

Internal Audit Function

The Group's internal audit function is outsourced to an independent professional consulting firm, Crowe Governance Sdn. Bhd. The Internal Auditors are headed by its Executive Director, Amos Law, who is a Certified Internal Auditor, a Chartered Member of the Malaysian Institute of Internal Auditors and a holder of the Certification in Risk Management Assurance. Amos Law together with his team, all of whom are qualified and possess the required expertise and experience are able to discharge their internal audit function duties effectively.

The Internal Auditors assist the Audit Committee and the Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's governance and internal control system. The internal audits carried out by the internal auditors are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors Inc., a globally recognized professional body for internal auditors.

The internal auditors report independently and directly to the Audit Committee on the Group's internal audit function, which is independent of the Board and Management. The internal audit function is carried out in accordance with the annual Internal Audit Plan as approved by the Audit Committee and all audit findings arising therefrom are reported to the Audit Committee.

Further details on the Group's internal audit function are set out in the Audit Committee Report of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

A. Communication with Stakeholders

The Board acknowledges the importance of establishing the corporate disclosure procedures to enable timely, comprehensive and accurate disclosures relating to the Group to the regulators, shareholders and stakeholders. The timely release of financial results, announcements of the Group's performance on a quarterly basis and announcements on the Group's material transactions provide the shareholders with an overview of the Group's performance and operations.

The Company is committed to ensuring that information communicated to the public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The Board has adopted a formal Shareholders' Communication Policy to provide guidance as well as to ensure a consistent approach towards the Company's communication with the shareholders.

In ensuring effective, transparent and regular communication with its stakeholders, the following communication channels are mainly used by the Company in disseminating information:-

- The Company maintains a website at www.redtone.com to facilitate access to pertinent information concerning the Group and its operations by the shareholders, consumers and general public. The Company's website includes weblinks to all announcements, annual reports and financial results made by the Company to Bursa Securities as well as the latest information of the Group;

- General Meetings which serve as the principal forum for dialogue with shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's Directors; and

- 'Facebook' page, namely, "redtonemalaysia" where corporate events and staff activities are posted as a way to engage with the employees and general public.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

B. Conduct of General Meetings

The AGM serves as the annual principal forum for dialogue between the Board of Directors and the shareholders, in gathering meaningful feedback and to leverage on the insights of shareholders. Shareholders will be provided with ample time to ask questions or seek clarifications from the Company's Directors in relation to the Company's business and results.

During the AGM, shareholders who attend the AGM are encouraged and given sufficient opportunity as well as time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the business of the Company or the Group in general prior to seeking approval from members and proxies on the resolutions. All Directors and the Chair of every Board Committee, as well as Senior Management, where appropriate, will provide feedbacks, answers and clarifications to the questions raised from the shareholders during the AGM.

Notice of the AGM and the Annual Report together with the financial statements are sent out to shareholders at least twenty-eight (28) days before the date of the meeting to facilitate the shareholders to review the Annual Report, to appoint proxies and collate questions to be raised at the AGM.

Each item of special business included in the Notice of AGM will be accompanied by a full explanation of the effects of the proposed resolution.

The Nineteenth AGM of the Company held on 1 December 2021, was conducted electronically in its entirety via Remote Participation and Electronic Voting Facilities in accordance with the directives of the Ministry of Health, the General Standard Operating Procedures on Event Implementation of Government and Private Institutions issued by the National Security Council, as well as the Guidance Notes on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

At the Nineteenth AGM held on 1 December 2021, the poll voting in line with Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities was conducted through a remote electronic voting system. Similarly, the poll voting at the forthcoming AGM will also be conducted through a remote electronic voting system. An independent scrutineer will be appointed to validate the poll results and the decision of each resolution, including the votes for and against of each resolution, will be made known at the meeting and the outcome is announced via Bursa Link on the same meeting day.

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.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

The Group will also have a continuous review and update on the Group's Strategic Plan and performance progress, taking into account the impact, economic recovery and growth after the COVID-19 pandemic.

This Corporate Governance Overview Statement was approved by the Board of Directors on 4 October 2022.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no corporate proposals involving fund raising carried out during the financial year under review.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable by the Company and the Group to the External Auditors for the financial year ended 30 June 2022 are as below:-

	Group RM	Company RM
Audit fees	409,000	122,000
Non-audit fees	25,000	–

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Group involving the interest of Directors and Major Shareholders, either still subsisting as at the end of the financial year or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

At the Nineteenth Annual General Meeting ("AGM") of the Company held on 1 December 2021, the Company obtained a mandate from its shareholders for recurrent related party transactions ("RRPTs") of a revenue or trading in nature with related parties.

Pursuant to Rule 10.09(2)(b) and Paragraph 3.1.5 of the Guidance Note 8 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 30 June 2022 pursuant to the shareholders' mandate are set out below:-

	REDtone and/or its subsidiaries	Transacting Parties	Nature of Transactions	Aggregate value of transactions during the financial year from 1 July 2021 to 30 June 2022 (RM'000)
Berjaya Corporation Berhad ("BCorporation") and its unlisted subsidiary companies:-				
1.	REDtone and its subsidiary companies ("REDtone Group")	BCorporation	Management fees payable by REDtone Group for services rendered that include, inter-alia, the provision of finance, secretarial and general administrative services.	60
2.	REDtone Data Centre Sdn. Bhd. ("RDC")	BCorporation Group	Provision of data centre and cloud related services by RDC.	1,475
3.	RDC	BCorporation Group	Leasing of Information Technology Equipment including computer servers and data storage equipment to RDC.	40
4.	REDtone Group	Berjaya Registration Services Sdn. Bhd.	Receipt of share registration services, printing and mailing services by the REDtone Group.	63
5.	REDtone Group	E.V.A Management Sdn. Bhd.	Receipt of human resource management services by the REDtone Group.	42

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Pursuant to Rule 10.09(2)(b) and Paragraph 3.1.5 of the Guidance Note 8 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 30 June 2022 pursuant to the shareholders' mandate are set out below:- (Cont'd)

	REDtone and/or its subsidiaries	Transacting Parties	Nature of Transactions	Aggregate value of transactions during the financial year from 1 July 2021 to 30 June 2022 (RM'000)
Berjaya Assets Berhad and/or its unlisted subsidiary company				
6.	REDtone Telecommunications Sdn. Bhd. ("RTC")	Berjaya Times Square Sdn. Bhd.	Rental payable by RTC at RM2,750 per month for renting of rooftop space at Lot No. TB-Roof-02B at Berjaya Times Square, Jalan Imbi, Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years.	33
7.	RTC	Berjaya Times Square Sdn. Bhd.	Rental payable by RTC at RM3,300 per month for renting of rooftop space at Lot No. TB-Roof-02D at Berjaya Times Square, Jalan Imbi, Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years.	40
Other Related Parties				
8.	RDC	Berjaya Sompo Insurance Berhad	Provision of data centre and cloud related services by RDC.	91
9.	RDC	Qinetics Solutions Sdn. Bhd. and its unlisted subsidiary companies	Provision of data centre and cloud related services by RDC.	51
10.	RDC	Qinetics Solutions Sdn. Bhd. and its unlisted subsidiary companies	Purchase by RDC of hardware security module for electronic payment and maintenance services.	88
11.	RDC	Singer (Malaysia) Sdn. Bhd.	Provision of data centre and cloud related services by RDC.	80
12.	REDtone Group	U Mobile Sdn. Bhd.	Contract revenue receivable by the REDtone Group for the construction of mobile base stations and related operations and maintenance.	136

AUDIT COMMITTEE REPORT

The Board of Directors of REDtone Digital Berhad is pleased to present the Audit Committee Report to provide insights on the discharge of the Audit Committee's functions for the financial year ended 30 June 2022.

OBJECTIVE

The Audit Committee ("the Committee") is established to effectively discharge their duties to assist and support the Board of Directors in fulfilling its fiduciary responsibilities by assisting the Board to review the adequacy and integrity of the Group's financial administration and reporting as well as the internal control pursuant to the Terms of Reference of the Committee of the Company.

MEMBERSHIP AND MEETING ATTENDANCE

The present members of the Committee are as follows:

Chairman
Mr. Kua Choo Kai (Independent Non-Executive Director)

Members
Dato' Mohd Zaini Bin Hassan (Independent Non-Executive Director)
Ms. Loh Paik Yoong (Non-Independent Non-Executive Director)

The Committee held ten (10) meetings during the financial year ended 30 June 2022. The details of attendance of the Committee members are as follows:

Director	Designation	Attendance
Mr. Kua Choo Kai (Appointed on 14 February 2022)	Chairman	4/4
Dato' Mohd Zaini Bin Hassan	Member	10/10
Ms. Loh Paik Yoong	Member	10/10

TERMS OF REFERENCE

The Terms of Reference of the Committee (included in the Board Charter) is available for reference on the Company's website, at www.redtone.com.

SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW

During the financial year ended 30 June 2022, the Committee had carried out the following activities which are in line with its duties and responsibilities as set out in its Terms of Reference: -

Financial Reporting

Reviewed the following unaudited quarterly financial statements and Annual Audited Financial Statements of the Group and Company and thereafter, submitted to the Board for their considerations and approval:

Date of Meeting	Review of Unaudited Quarterly Financial Statements / Audited Financial Statements
5 October 2021	Audited Financial Statements of the Group and Company for the financial year ended 30 June 2021
18 November 2021	First Quarter Results for the financial period ended 30 September 2021
16 February 2022	Second Quarter Results for the financial period ended 31 December 2021
19 May 2022	Third Quarter Results for the financial period ended 31 March 2022
23 August 2022	Fourth Quarter Results for the financial period ended 30 June 2022

In reviewing the annual audited financial statements, the Committee discussed with the Management and the External Auditors on the issues arising from the audit, their resolutions and the independent auditors' report prepared by the External Auditors.

External Audit

On 17 August 2021, the Committee had a private session with the External Auditors without the presence of the Management of the Company to discuss issues of concern that the External Auditors may have, arising from the statutory audit for the financial year ended 30 June 2021. There were no areas of concern that were brought to the attention of the Committee;

Reviewed the Audit Status Update prepared by the External Auditors in respect of the audit for the financial year ended 30 June 2021 covering updates on the status and findings on the areas of audit emphasis by the External Auditors; and

Reviewed the proposed audit fees for the financial year ended 30 June 2021 and recommending to the Board for approval.

On 30 September 2021, reviewed the Audit Results Report prepared by the External Auditors for the financial year ended 30 June 2021 covering the summary of procedures and audit findings on the areas of audit emphasis including the key audit matters, fraud considerations and the risk of management override and the draft auditors report; and

Conducted annual assessment of the performance, suitability, objectivity and independence of the External Auditors with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors. The Committee was satisfied with the suitability and independence of the External Auditors and had made recommendation to the Board on their re-appointment.

On 17 May 2022, reviewed the Audit Plan for the Group and Company for the financial year ended 30 June 2022 prepared by the External Auditors, setting out the responsibilities of the External Auditors, their scope of work, audit timelines, the areas of audit emphasis and the independence of the External Auditors in connection with their audit of the Group and Company.

SUMMARY OF WORK OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW (CONT'D)

Internal Audit

On 30 September 2021, reviewed the adequacy of the scope, functions, competency and resources of the internal audit function.

On 17 May 2022, the Committee reviewed and approved the Internal Audit Plan for the financial year ended 30 June 2022.

During the financial year under review, all internal audit reports on the results of work undertaken together with the recommended action plans and their implementation status were presented to the Committee and the Committee appraised the adequacy and effectiveness of Management's response in resolving the gaps noted.

The four (4) Internal Audit Reports tabled to the Committee during the financial year ended 30 June 2022 were Sales, Billing, Collection and Credit Control of Telecommunications Services, Human Resources and Payroll Management, Information Technology General Controls and Sales, Billing, Collection and Credit Control for Redtone Data Centre Sdn. Bhd. and a follow up audit to assess the implementation of correction action plans committed by the Management for the past reports.

Whistleblowing

The Company did not receive any whistleblowing report during the financial year ended 30 June 2022, and hence there were no actions required from the Committee.

Related Party Transactions

On 30 September 2021, the Management tabled the draft Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandates for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 22 October 2021 for the Committee's review and recommendation to the Board for approval.

In addition, during the financial year ended 30 June 2022, the Committee reviewed the related party transactions entered into by the Group on a quarterly basis and against the annual mandate approved by the shareholders at the Nineteenth Annual General Meeting held on 1 December 2021.

The quarterly review also covered the possibility of conflict of interest which may arise within the Group.

Oversight of Risk Management and Internal Control

On 30 September 2021, the Committee reviewed the draft Audit Committee Report and Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report 2021 of the Company.

On 17 November 2021 and 19 May 2022, the Group Chief Executive Officer who is the Risk Management Committee Chairman of the Group had presented the Enterprise Risk Management reports to the Committee, to update on the Key Risks Profile and Risk Rating of the Group.

AUDIT COMMITTEE REPORT
(CONT'D)

INTERNAL AUDIT FUNCTION

The Committee is supported by an independent professional consulting firm, Messrs. Crowe Governance Sdn. Bhd. in the discharge of its duties and responsibilities with regards to the internal audit function of the Group. Based on the audits, the outsourced Internal Auditors had provided the Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures.

The outsourced internal auditors are headed by its Executive Director, Amos Law, who is a Certified Internal Auditor, a Chartered Member of the Malaysian Institute of Internal Auditors and a holder of the Certification in Risk Management Assurance. Amos Law together with his team, all of whom are qualified and possess the required expertise and experience are able to discharge their internal audit function duties effectively.

The functions of the outsourced Internal Auditors are to:

1. Perform audits in accordance with the pre-approved internal audit plan, which covers reviews of the internal control system and follow-up audits to address observations reported in preceding internal audit reviews;
2. Review and comment on the effectiveness and adequacy of the existing internal control policies and procedures; and
3. Provide recommendations, if any, for the improvement of the internal control policies, procedures and systems.

The Committee had evaluated and reviewed the internal audit function in terms of scope, competency, resources and independence. The Committee was also satisfied that the Internal Auditors performed their work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

The Committee and Board were satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue to outsource the Internal Audit function.

During the financial year under review, the Internal Auditors in teams of three (3) had conducted four (4) cycles of internal audit as stipulated in the approved internal audit plan. The four (4) cycles of internal audit were in respect of: -

- Sales, Billing, Collection and Credit Control of Telecommunications Services;
- Human Resources and Payroll Management;
- Information Technology General Controls; and
- Sales, Billing, Collection and Credit Control for REDtone Data Centre Sdn. Bhd..

In addition, a follow up audit was performed to assess the implementation of correction action plans committed by the Management for the past internal audit reports including:

i. Gap Analysis on Corporate Liability Provision of the Malaysian Anti-Corruption Commission (Amendment) Act 2018;
ii. Sales, Billing, Collection and Credit Control of Managed Telecommunications Network Services; and
iii. Sales, Billing, Collection and Credit Control of Telecommunications Services.

The Committee reviews the internal audit reports, its recommendations and its subsequent follow-up review to determine the status of the internal controls, where applicable.

The total cost incurred for the internal audit function of the Group for the financial year ended 30 June 2022 was RM80,356.

The Audit Committee Report was approved by the Board on 4 October 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors ("Board") to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. The Board of REDtone Digital Berhad ("REDtone") is committed to maintaining a sound system of internal control and effective risk management as part of its ongoing efforts to practise good corporate governance. This Statement on Risk Management and Internal Control is prepared in accordance with Rule 15.26(b) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This Statement outlines the nature and scope of risk management and internal control system within the Group for the current financial year.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility to establish and maintain a robust risk management and internal control system through reviewing its adequacy in identifying, assessing, evaluating, and responding to risks that could have detrimental impact to the Group from achieving its objective. This system is designed to identify and manage risk facing the business and covers not only financial controls but also operational, commercial, regulatory and compliance controls to safeguard shareholders' investment and the Group's assets. Due to limitations inherent in any internal control system, such a system is designed to manage, rather than to eliminate the risk of failure to achieve the Group's business objectives and corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatements, losses or frauds.

The Board believes that it is a continuing process and more importantly a concerted effort by all employees of the Group. As part of its review, the Board continues to take necessary measures to strengthen its risk management and internal control system to address any weaknesses identified. These processes are in place throughout the financial year under review and up to the date of approval of this Statement.

In evaluating the adequacy of risk management and internal control across the Group, the Board is assisted by the Audit Committee to review the internal control processes and to ensure that the Enterprise Risk Management Framework ("ERM") is being implemented consistently. The Audit Committee is assisted by a Management-level Risk Management Committee ("RMC") (headed by the Group Chief Executive Officer and comprising of key management personnel from the respective divisions), to oversee the risk management system of the Group.

The Board does not review the internal control system of its associated companies and joint ventures, as the Board does not have any direct control over their operations. The Group's interests are served through representations on the boards of the respective associated companies and joint ventures and the review of their management accounts, and enquiries thereon. These representatives also provide the Board with information and timely decision-making on the continuity of the Group's investments based on the performance of the associated companies and joint ventures.

RISK MANAGEMENT FRAMEWORK

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

Day-to-day operations in respect of financial, commercial, legal compliance and operational aspects of the Group are closely monitored by the respective Heads of Department and Project Managers. The deliberation of risks and mitigation responses are discussed at periodic management meetings.

The Group's ERM Framework provides a standardised and systematic approach for the identification, evaluation, monitoring and reporting of key risks, controls and ensuring that there are adequate measures to implement, track and review the action plans. The Framework is generally aligned with the Principles and Guidelines of ISO 31000:2018, and is adopted across the operating companies within the Group.

RISK MANAGEMENT FRAMEWORK (CONT'D)

The RMC, guided by its Terms of Reference (included in the Board Charter and is available on the Company's website at www.redtone.com) is tasked to report to the Audit Committee on key risks identified and the implementation of action plans to mitigate the risks. The Board is constantly apprised by the Audit Committee and the RMC on the Group's risk profile, including action plans to address significant risks.

The key features of the ERM Framework are as follows:

- It outlines the ERM methodology on the identification of key business risks through a structured approach and to determine if controls are in place to mitigate the risks identified.
- It establishes guidelines to enable Management to prioritise the risks and allocation of resources to manage the risks.

During the financial year ended 30 June 2022, the RMC had reviewed the Key Risk Register and its controls and had updated the Audit Committee and the Board of Directors on the risk management activities.

Meanwhile, the management of risks is an ongoing process of identifying, evaluating and managing the risks faced by the Group. Further assurance is provided by the Internal Audit function which operates across the Group with emphasis on key operating divisions within the Group. The Board shall, with the assistance from the Audit Committee and the RMC, re-evaluate the existing risk management practices, and where appropriate and necessary, revise such practices accordingly.

KEY INTERNAL CONTROL ELEMENTS

The key elements of the Group's Internal Control System include:

- Board Committees that assist the Board in overseeing the management of risks, each with clearly defined terms of reference, authorities and responsibilities. The standing committees of the Company include the Audit Committee, Nomination Committee and Remuneration Committee;
- Well defined organisational structure with clear lines of responsibility and delegation of authority to ensure proper identification of accountability and segregation of duties within the Management team;
- The Group Chief Executive Officer and Senior Management are closely involved in the running of the day-to-day business and operations of the Group. They report to the Board on significant changes in the business and external environment which may affect the business operations of the Group at large;
- The Code of Conduct and Ethics is a vital and an integral part of the Group's control environment;
- All proposals for material capital expenditure and investment opportunities are reviewed by the Executive Committee and require approval from the Board prior to the commitment of expenditure;
- An approved Limits of Authority matrix which defines the delegation of authority and the approval limits granted to the Management team;
- The Audit Committee reviews the effectiveness of the Group's system of internal control on behalf of the Board. The Audit Committee, which comprises of non-executive members of the Board, is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company as well as to all employees of the Group. The Audit Committee is also entitled to seek other third-party independent professional advice deemed necessary in the performance of its responsibility;

KEY INTERNAL CONTROL ELEMENTS (CONT'D)

The key elements of the Group's Internal Control System include: (Cont'd)

- The Audit Committee reviews the internal control issues identified by the external and internal auditors, and action plans carried out by Management in respect of the findings arising therefrom. The internal auditors report directly to the Audit Committee. Findings together with the recommendations for improvements are communicated to the Management and reported to the Audit Committee while follow-up review is conducted to ensure all agreed recommendations are implemented accordingly. The internal audit plan is structured on a risk-based approach and is reviewed and approved by the Audit Committee;

- The Company's performance is monitored regularly, and the business objectives and plans are reviewed during the management meetings attended by respective division and business unit heads. The key operational and management issues are also resolved at these meetings. The Executive Committee meets regularly with Senior Management to consider the Group's financial performance, business initiatives and other management and corporate issues;

- There are sufficient reports generated in respect of the business and operating units to enable proper review of the operational and financial aspects of the Company. Management accounts are prepared timely and on a monthly basis and is reviewed by the Executive Committee and Senior Management;

- The professionalism and competency of staff are enhanced through training and development programs. A performance management system is in place with established key performance indicators to measure and review staff performance on an annual basis; and

- The Group adopts an Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC Policy & Guidelines") to reinforce the Group's utmost commitment and practice in conducting its affairs in the highest standard of integrity and ethics. The ABAC Policy & Guidelines is available on the Company's website at www.redtone.com.

INTERNAL AUDIT FUNCTION

The Group outsources its internal audit function to an independent professional service provider to assist the Audit Committee as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's internal control system.

The Internal Auditors report independently and directly to the Audit Committee in respect of the internal audit function. The internal audit function had adopted a risk-based approach and prepared its audit strategy and plan based on the risk profiles of the major business functions of the Group, and in accordance with the internal audit plan approved by the Audit Committee and all audit findings arising therefrom were reported to the Audit Committee.

During the financial year under review, the Internal Auditors in teams of three (3) had conducted four (4) cycles of internal audit as stipulated in the approved internal audit plan and had tabled the Internal Audit Reports to the Audit Committee. The Internal Audit Reports tabled were in respect of their review on Sales, Billing, Collection and Credit Control of Telecommunications Services, Human Resources and Payroll Management, Information Technology General Controls and Sales, Billing, Collection and Credit Control for REDtone Data Centre Sdn. Bhd. and a follow up audit to assess the implementation of correction action plans committed by the Management for three (3) past reports.

The Internal Auditors have unrestricted access to all documents and records of the Group deemed necessary in the performance of its function. They independently review the risk identification procedures and control processes implemented by the Management. Internal Auditors also review the internal controls in the key activities of the Group's business based on the risk profiles of the business units in the Group. In addition, the Internal Auditors carry out periodic reviews to ensure the policies and procedures established by the Board are complied with by the Management. All reports and findings arising from these reviews are discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

INTERNAL AUDIT FUNCTION (CONT'D)

Based on the reports of the Internal Auditors, identified issues in internal control have been adequately addressed, and none of the weaknesses noted have resulted in any material losses, contingencies and uncertainties that would require separate disclosure in this Annual Report.

The Internal Auditors also provide recommendations to improve the operational and financial activities of the Group for the consideration of the Management and the Board to assist in the continuous development of a more efficient and comprehensive internal control environment.

The internal audit function is performed by Crowe Governance Sdn. Bhd. and is headed by its Executive Director, Amos Law, who is a Certified Internal Auditor, a Chartered Member of the Malaysian Institute of Internal Auditors and a holder of the Certification in Risk Management Assurance. Amos Law together with his team, all of whom are qualified and possess the required expertise and experience are able to discharge their internal audit function duties effectively. The internal audits carried out by the Internal Auditors are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors.

REVIEW BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 30 June 2022. Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the External Auditors was made solely for and directed solely to the Board of Directors in connection with their compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Statement.

CONCLUSION

For the financial year under review, the Board has reviewed the risk management and internal control system and is of the view that the system is adequate and effective and no material weakness and/or reported shortfall in the risk management practices and internal control system has resulted in and/or give rise to any material loss, contingency and/or uncertainty during the financial year under review. The Board has also received the same assurance from both the Group Chief Executive Officer and Chief Financial Officer that the Group's current risk management and internal control system is operating adequately and effectively in all material aspects.

Nevertheless, the Board also recognises the fact that the Group's risk management and internal control system practices must continuously evolve to support the growth and dynamics of the Group as well as to meet the changing and challenging business environment. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans to further enhance the system of internal controls and risk management practices.

This Statement was approved by the Board on 4 October 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

In Respect of the Audited Financial Statements for the Financial Year Ended 30 June 2022

The Companies Act 2016 ("Act") requires the Directors to present the financial statements of the Company and the Group in accordance with the Act and approved accounting standards which gives a true and fair view of the financial performance and the financial position of the Group and the Company at the end of the financial year.

The Directors have placed reliance on the system of internal control within the Company and the Group to form a basis of reasonable grounds that the accounting systems and records maintained by the Company and the Group provide a true and fair view of the current state of affairs of the Company and the Group.

The Directors have further responsibility of ensuring that accounting records are kept with reasonable accuracy which enables the Company to provide a true and fair view of the financial results. In addition, the annual audited financial statements have been prepared based on relevant and appropriate accounting policies and with usage of reasonable and prudent judgment and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Company and the Group for the financial year ended 30 June 2022 as set out on pages 67 to 152 of this Annual Report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

Principal activities

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are described in Note 16 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	40,476	14,215
Profit attributable to:		
Owners of the parent	39,458	14,215
Non-controlling interests	1,018	-
	40,476	14,215

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

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

Dividend

The dividend paid by the Company since 30 June 2021 was as follows:

	RM'000
In respect of the financial year ended 30 June 2021	
Interim tax exempt (single-tier) dividend of 1.8 sen per ordinary share, declared on 1 September 2021 and paid on 18 November 2021	13,913

On 23 August 2022, the Directors declared an interim dividend of 1.8 sen per ordinary share in respect of the financial year ended 30 June 2022 payable on 22 November 2022. The financial statements for the current financial year does not reflect this dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

Treasury shares

The Company did not buy back any of its own shares during the financial year ended 30 June 2022.

Of the total 782,453,885 (2021: 782,453,885) issued and fully paid-up ordinary shares as at the end of the financial year, 9,502,000 (2021: 9,502,000) ordinary shares are held as treasury shares by the Company amounting to RM5,653,000 (2021: RM5,653,000). The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 30 June 2022, the issued ordinary share capital of the Company with voting rights was 772,951,885 (2021: 772,951,885 ordinary shares).

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail
Lau Bik Soon
Dato' Mohd Zaini Bin Hassan
Dato' Avinderjit Singh A/L Harjit Singh
Loh Paik Yoong
Kua Choo Kai (Appointed on 14 February 2022)
Dato' Sri Badrul Hisham Bin Abdul Aziz (Appointed on 1 September 2022)
Mathew Thomas A/L Vargis Mathews (Retired on 1 December 2021)
Abdul Jalil Bin Abdul Rasheed (Resigned on 31 March 2022)
Zakaria Bin Abdul Hamid (Resigned on 31 August 2022)

Directors of the Company's subsidiaries

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report excluding those who are also the directors of the Company are:

Yau Chee Keong
Kenny Foo Jin Teck
Redza Imran Bin Abdul Rahim
Lai Kim Choy
Lu Chong Mui
Datuk Mohd Taib Bin Hassan
Ahmed Ariff Meah Bin Azlan Meah (Appointed on 1 September 2022)

Directors' benefits

Neither at the end of the financial year, nor at anytime during the financial year, did there subsist any arrangement to which the Company was a party whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	**Company RM'000**
Executive directors' remuneration:		
- Salaries and bonuses	1,676	-
- Other emoluments	338	-
	2,014	-
Non-executive directors' remuneration:		
- Fees	780	780
- Other emoluments	78	78
	858	858
Total directors' remuneration	2,872	858

The Company will indemnify its directors as part of the terms of their appointment against claims arising from the discharge of their duties by third parties. No payment has been made to indemnify the directors for the financial year ended 30 June 2022.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in share and options over shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares			
	At 1 July 2021	**Acquired**	**Disposed**	**At 30 June 2022**
The Company				
Direct interests				
Lau Bik Soon	2,810,360	-	-	2,810,360
Dato' Mohd Zaini Bin Hassan	20,000	-	-	20,000

	Number of ordinary shares			
	At 1 July 2021	**Acquired**	**Disposed**	**At 30 June 2022**
Ultimate holding company, Berjaya Corporation Berhad				
Direct interests				
Loh Paik Yoong	893	-	(836)	57

	Number of 2% Irredeemable Convertible Unsecured Loan Stock ("ICULS") 2016/2026			
	At 1 July 2021	**Acquired**	**Disposed**	**At 30 June 2022**
Ultimate holding company, Berjaya Corporation Berhad				
Direct interests				
Loh Paik Yoong	1,000	-	-	1,000

Directors' interests (contd.)

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in share and options over shares of the Company and its related corporations during the financial year are as follows: (contd.)

	Number of 10-year warrants 2016/2026			
	At 1 July 2021	**Acquired**	**Disposed**	**At 30 June 2022**
Ultimate holding company, Berjaya Corporation Berhad				
Direct interests				
Loh Paik Yoong	1,000	-	-	1,000

	Number of ordinary shares			
	At 1 July 2021	**Acquired**	**Disposed**	**At 30 June 2022**
Related company, Berjaya Land Berhad				
Direct interests				
Loh Paik Yoong	16,400	-	-	16,400

	Number of ordinary shares			
	At 1 July 2021	**Acquired**	**Disposed**	**At 30 June 2022**
Related company, Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad)				
Direct interests				
Loh Paik Yoong	37,238	-	-	37,238

The other directors in office at the end of the financial year had no interest in shares and options over shares of the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment had been made for receivables; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for impairment on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

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

(ii) 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 financial year in which this report is made.

Holding companies

The ultimate holding company is Berjaya Corporation Berhad, a public listed company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	403	122
Other auditors	6	-
	409	122

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT since the beginning of the financial year up to the date of this report.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 October 2022.

Lau Bik Soon

Loh Paik Yoong

STATEMENT BY DIRECTORS

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

We, Lau Bik Soon and Loh Paik Yoong, being two of the directors of REDtone Digital Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 67 to 152 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 October 2022.

Lau Bik Soon

Loh Paik Yoong

STATUTORY DECLARATION

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

I, Lau Hock Chye, being the officer primarily responsible for the financial management of REDtone Digital Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 67 to 152 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 Lau Hock Chye
at Puchong, Selangor Darul Ehsan
on 7 October 2022

Lau Hock Chye

Before me,

Loi Kwong Fon (B567)
Commissioner for Oaths

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	3	158,042	174,673	-	-
Cost of sales		(59,170)	(93,911)	-	-
Other income	4	6,155	1,687	29,822	21,175
General and administrative expenses		(47,480)	(39,381)	(13,981)	(6,061)
Finance costs	5	(1,079)	(997)	(967)	(658)
Profit before tax	6	56,468	42,071	14,874	14,456
Taxation	9	(15,992)	(13,400)	(659)	(391)
Profit for the financial year		40,476	28,671	14,215	14,065
Other comprehensive income:					
Item that will not be reclassified subsequently to profit or loss					
Net changes in fair value of other investments measured at fair value through other comprehensive income ("FVTOCI")	18	13,905	5,996	13,905	5,996
Total comprehensive income for the financial year		54,381	34,667	28,120	20,061
Profit attributable to:					
- Owners of the parent		39,458	26,286	14,215	14,065
- Non-controlling interests		1,018	2,385	-	-
		40,476	28,671	14,215	14,065
Total comprehensive income attributable to:					
- Owners of the parent		53,363	32,282	28,120	20,061
- Non-controlling interests		1,018	2,385	-	-
		54,381	34,667	28,120	20,061
Earnings per share attributable to owners of the parent:					
- Basic (sen)	10	5.10	3.40		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Goodwill	11	423	423	-	-
Property, plant and equipment	12	4,757	10,058	-	-
Right-of-use assets	29	3,336	7,886	-	-
Investment properties	13	1,180	1,180	-	-
Intangible assets	14	11,760	13	-	-
Development costs	15	-	20	-	-
Investments in subsidiaries	16	-	-	9,467	9,557
Investments in associates	17	-	-	-	1,322
Other investments	18	38,360	24,455	38,360	24,455
Deferred tax assets	19	594	1,485	-	-
		60,410	45,520	47,827	35,334
Current assets					
Inventories	20	476	572	-	-
Trade and other receivables	21	44,733	58,348	52,700	59,862
Contract assets	22	63,547	75,787	-	-
Tax recoverable		476	266	-	26
Short term investments	23	50,007	50,002	50,007	50,002
Cash and bank balances	24	78,318	42,449	1,337	206
		237,557	227,424	104,044	110,096
Total assets		297,967	272,944	151,871	145,430

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022
(CONT'D)

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	25	149,813	149,813	149,813	149,813
Treasury shares	26	(5,653)	(5,653)	(5,653)	(5,653)
Reserves	27	73,949	34,499	(26,439)	(40,646)
		218,109	178,659	117,721	103,514
Non-controlling interests		5,280	4,262	-	-
Total equity		223,389	182,921	117,721	103,514
Non-current liabilities					
Loans and borrowings	28	1,213	1,317	-	-
Lease liabilities	29	1,076	2,367	-	-
		2,289	3,684	-	-
Current liabilities					
Trade and other payables	30	59,795	72,464	34,117	41,916
Contract liabilities	22	6,223	5,490	-	-
Loans and borrowings	28	97	92	-	-
Lease liabilities	29	2,568	5,061	-	-
Tax payable		3,606	3,232	33	-
		72,289	86,339	34,150	41,916
Total liabilities		74,578	90,023	34,150	41,916
Total equity and liabilities		297,967	272,944	151,871	145,430

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 26)	Foreign exchange reserve RM'000 (Note 27(a))	Revaluation reserve RM'000 (Note 27b))	FVTOCI reserve RM'000 (Note 27(c))	Distributable retained profits RM'000 (Note 27)	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 July 2020	149,813	(5,653)	(663)	641	(150)	16,302	160,290	1,417	161,707
Total comprehensive income	-	-	-	-	5,996	26,286	32,282	2,385	34,667
Transactions with owners									
- Capital contribution by non-controlling interest	-	-	-	-	-	-	-	500	500
- Dividend to non-controlling interest	-	-	-	-	-	-	-	(40)	(40)
- Dividend (Note 37)	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
Total transactions with owners	-	-	-	-	-	(13,913)	(13,913)	460	(13,453)
At 30 June 2021	149,813	(5,653)	(663)	641	5,846	28,675	178,659	4,262	182,921
At 1 July 2021	149,813	(5,653)	(663)	641	5,846	28,675	178,659	4,262	182,921
Total comprehensive income	-	-	-	-	13,905	39,458	53,363	1,018	54,381
Transaction with owners									
- Dividend (Note 37)	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
At 30 June 2022	149,813	(5,653)	(663)	641	19,751	54,220	218,109	5,280	223,389

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 30 June 2022
(CONT'D)

	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 26)	FVTOCI reserve RM'000 (Note 27(c))	Accumulated losses RM'000 (Note 27)	Total equity RM'000
Company					
At 1 July 2020	149,813	(5,653)	(150)	(46,644)	97,366
Total comprehensive income	-	-	5,996	14,065	20,061
Transaction with owners					
- Dividend (Note 37)	-	-	-	(13,913)	(13,913)
At 30 June 2021	149,813	(5,653)	5,846	(46,492)	103,514
Company					
At 1 July 2021	149,813	(5,653)	5,846	(46,492)	103,514
Total comprehensive income	-	-	13,905	14,215	28,120
Transaction with owners					
- Dividend (Note 37)	-	-	-	(13,913)	(13,913)
At 30 June 2022	149,813	(5,653)	19,751	(46,190)	117,721

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Receipts from customers	181,803	157,228	-	-
Payments of operating expenses	(99,235)	(123,217)	-	-
Payments of taxes	(14,937)	(10,449)	(600)	(517)
Payment of short term leases and leases of low-value assets	(975)	(1,070)	-	-
Other (payments)/receipts	(77)	(137)	(8,712)	61,566
Net cash generated from/(used in) operating activities	66,579	22,355	(9,312)	61,049
Cash flows from investing activities				
Sale of property, plant and equipment	11	1	-	-
(Increase)/decrease in deposits and short term investments	(1,327)	19,542	2	(49,920)
Acquisition of quoted securities	-	(11,336)	-	(11,336)
Acquisition of property, plant and equipment (Note 12)	(1,626)	(923)	-	-
Acquisition of intangible asset	(11,760)	-	-	-
Interest received	681	928	-	1
Investment income received	3,137	-	3,137	-
Dividend received	331	215	20,231	14,215
Net cash (used in)/generated from investing activities	(10,553)	8,427	23,370	(47,040)
Cash flows from financing activities				
Payment of principal portion of lease liabilities	(6,395)	(6,469)	-	-
Repayment of bank borrowings and other loans	(99)	(96)	-	-
Dividend paid to non-controlling interest	-	(40)	-	-
Dividend paid	(13,913)	(13,913)	(13,913)	(13,913)
Lease interest paid	(419)	(628)	-	-
Other interest paid	(660)	(369)	-	-
Net cash used in financing activities	(21,486)	(21,515)	(13,913)	(13,913)
Net change in cash and cash equivalents	34,540	9,267	145	96
Cash and cash equivalents at beginning of financial year	14,837	5,570	206	110
Cash and cash equivalents at end of financial year (Note 24)	49,377	14,837	351	206

(a) Reconciliation of liabilities arising from financing activities:

	Group Lease liabilities RM'000	Bank and other borrowings RM'000	Total RM'000
2022			
At beginning of financial year	7,428	1,409	8,837
Additional of lease liabilities	2,611	-	2,611
Repayment	(6,395)	(99)	(6,494)
Interest paid	(419)	(660)	(1,079)
Other changes:			
- Accretion of interest	419	-	419
- Others	-	660	660
At end of financial year	3,644	1,310	4,954
2021			
At beginning of financial year	11,163	1,505	12,668
Additional of lease liabilities	2,734	-	2,734
Repayment	(6,469)	(96)	(6,565)
Interest paid	(628)	(369)	(997)
Other changes:			-
- Accretion of interest	628	-	628
- Others	-	369	369
At end of financial year	7,428	1,409	8,837

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2022

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia. The principal place of business is located at Suite 22-30, 5th Floor, IOI Business Park, 47100 Puchong, Selangor Darul Ehsan.

The penultimate holding company is Berjaya Group Berhad, a company incorporated in Malaysia. The ultimate holding company is Berjaya Corporation Berhad ("BCorp"), a public listed company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are described in Note 16. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 7 October 2022.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

2. Significant accounting policies (contd.)

2.2 Changes in accounting policies

On 1 July 2021, the Group and the Company adopted the following amendments to MFRS which are effective for annual financial periods beginning on or after 1 January 2021.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16: *Interest rate benchmark reform - phase 2*	1 January 2021
Amendments to MFRS 16 Leases: *Covid-19 - Related Rent Concessions beyond 30 June 2021*	1 April 2021

The adoption of the above Amendments to MFRS did not have any significant financial impact to the Group and the Company.

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following Amendments to MFRSs and Annual Improvements to MFRSs were issued but not yet effective and have not been early adopted by the Group and the Company.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 3 Business Combinations: *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts - cost of fulfiling a contract*	1 January 2022
Amendments to MFRS 17: *Insurance Contracts*	1 January 2023
Amendments to MFRS 101: *Classification of Liabilities as Current or Non-Current*	1 January 2023
Amendments to MFRS 101: *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108: *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Amendments to MFRSs and Annual Improvements to MFRSs above are either not relevant or is not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of all the above Amendments to MFRSs and Annual Improvements to MFRSs.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies

2.4.1 Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, which are prepared up to the end of the same financial year.

Subsidiaries are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
ii) exposure, or rights, to variable returns from its investment with the investee; and
iii) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
ii) potential voting rights held by the Group, other vote holders or other parties;
iii) rights arising from other contractual arrangements; and
iv) 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 patterns at previous shareholders' meetings.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

The cost of acquisition of a subsidiary depends on whether it is a business combination, in accordance to the specifications in MFRS 3, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred ("CT"). The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree. For an acquisition that is a business combination, the acquisition-related costs are recognised in profit or loss as incurred.

If the business combination is achieved in stages, any previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.1 Subsidiaries and basis of consolidation (contd.)

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

The contingent consideration to be transferred by the acquirer will be recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with MFRS 9: Financial Instruments or MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, as appropriate with the corresponding gain or loss being recognised in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiaries are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except for unrealised losses, which are not eliminated when there are indications of impairment.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the equity in subsidiaries not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.1 Subsidiaries and basis of consolidation (contd.)

Equity instruments and equity components of hybrid financial instruments issued by subsidiaries but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

When there is share buyback by a subsidiary, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the subsidiary. Any differences between the consideration of the share buyback over the Group's revised interest in the net fair value of the identifiable assets acquired and liabilities assumed is recognised directly in equity attributable to owners of the parent.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between:

i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest at the date when control is lost;

is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. Any investment retained is recognised at fair value.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.2 Associates

Associates are entities in which the Group has significant influence. Significant influence is the power through board representations to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in unquoted associates are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited financial statements and supplemented by management financial statements of the associates made up to the Group's financial year end.

Uniform accounting policies are adopted for like transactions and events in similar circumstances upon applying equity method of accounting.

After application of the equity method, the Group determines whether it is necessary to recognise impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group recognises the difference between the recoverable amount of the associate and its carrying value as impairment loss in profit or loss.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets acquired and liabilities assumed of the investee is recognised as goodwill and included in the carrying amount of the investment and is not amortised.

Any excess of the Group's share of net fair value of the associate's identifiable assets acquired and liabilities assumed over the cost of investment is included as income in the determination of the Group's share of associate's profit or loss in the period in which the investment is acquired.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.2 Associates (contd.)

Under the equity method, the investment in an associate is recognised at cost on initial recognition, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition, less impairment losses. The Group's share of comprehensive income of associates acquired or disposed of during the financial year, is included in the consolidated profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates.

When the Group's share of losses equals or exceeds its interest in an equity accounted an associate, including any long term interest, that, in substance, form part of the Group's net investment in the associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a legal and constructive obligations or has made payment on behalf of the associate.

When there is share buyback by an associate, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the associate. Any reduction of the Group's pre-acquisition reserves arising from the share buyback (i.e. Goodwill) is included in the carrying amount of the investment and is not amortised. Any increase of the Group's pre-acquisition reserves arising from the share buyback (i.e. Negative Goodwill) is included as income in the determination of the Group's share of associate's results in the period of share buybacks.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from the disposals is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

2.4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. 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 item will flow to the Group and the cost of the item can be measured reliably. Subsequent to recognition, when property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.3 Property, plant and equipment and depreciation (contd.)

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

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold office lots	2%
Computers	20%
Furniture, fittings and office equipment	20%
Equipment, plant and machinery	20%
Renovations	20%
Motor vehicles	20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on the derecognition of the asset are included in profit or loss in the year the asset is derecognised.

2.4.4 Investment properties

Investment properties are properties which are held either to earn rentals or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent professional valuers.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.4 Investment properties (contd.)

When an item of investment property carried at fair value is transferred to property, plant and equipment following a change in its use, the property's deemed cost for subsequent accounting in accordance with MFRS 116: Property, Plant and Equipment shall be its fair value at the date of change in use.

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income. However, if such fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of the investment property, any surplus previously recorded in other comprehensive income is transferred to retained earnings.

When an item of property inventory or property development is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in profit or loss.

2.4.5 Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of inventories comprises cost of purchase of goods. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Other inventories not to be resold and for consumption purposes are classified as spares and consumables.

When necessary, due allowance is made for all damaged, obsolete and slow moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand of the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

2.4.6 Intangible assets

(1) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.6 Intangible assets (contd.)

(2) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

(i) Its ability to measure reliably the expenditure attributable to the asset under development;
(ii) The product or process is technically and commercially feasible;
(iii) Its future economic benefits are probable;
(iv) Its intention to complete and the ability to use or sell the developed asset; and
(v) The availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The useful lives of development expenditure are assessed to be either finite or indefinite. Development expenditure with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the development expenditure may be impaired. The amortisation period and the amortisation method for the development expenditure with a finite useful life are reviewed at least at the end of each reporting period.

Capitalised development expenditure is amortised on a straight line basis over 5 years.

(3) Telecommunications licences with allocated spectrum

For the Group's telecommunication licences with allocated spectrum that was acquired as part of a business combination, the fair value of telecommunication licences with allocated spectrum as at the date of business combination was deemed as its cost. Following the initial recognition, telecommunication licences with allocated spectrum are carried at cost less any accumulated impairment losses. The telecommunication licences with allocated spectrum were considered to have indefinite economic useful lives as there was a presumption of renewal at negligible costs, and were not amortised but tested for impairment, annually or more frequently when indicators of impairment were identified. The useful lives of telecommunication licences are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.6 Intangible assets (contd.)

(4) Spectrum rights

For spectrum rights acquired with a finite useful life, costs are amortised over the estimated useful lives and assessed for impairment when there is an indication that the spectrum rights may be impaired. The amortisation period and the amortisation method are reviewed at least during each financial year end. Further details are disclosed in Note 14.

2.4.7 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have indefinite useful lives and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when there is any indication of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU"). In assessing VIU, 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. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.7 Impairment of non-financial assets (contd.)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.4.8 Fair value measurement

The Group measures financial instruments and certain non-financial assets, such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 34.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(1) In the principal market for the asset or liability; or
(2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.8 Fair value measurement (contd.)

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

2.4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The classification of financial assets at initial recognition depends on:

(a) the financial asset's contractual cash flow characteristics; and
(b) the Group's business model for managing them.

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

Classification of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes 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. Such changes are expected to be very infrequent.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.9 Financial instruments (contd.)

(1) Financial assets (contd.)

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

Subsequent measurement

Subsequent measurement of financial assets depends on its classification. The classification of financial assets are described below:

(a) Amortised cost

This category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Subsequent to initial recognition, the amortised cost of a financial asset is the amount at initial recognition minus principal repayments plus cumulative amortisation using the effective interest method and reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Fair value through other comprehensive income

Debt instruments

This category comprises investments in debt instrument, which are held within a business model whose objective is collecting contractual cash flows and selling the debt investments, and its contractual terms give rise to cash flows on specified dates that are SPPI on the principal amount outstanding. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses or reversals are recognised in profit or loss. Fair value changes are recognised in other comprehensive income.

On derecognition of these financial assets, the fair value changes accumulated in other comprehensive income are recycled to profit or loss.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.9 Financial instruments (contd.)

(1) Financial assets (contd.)

Subsequent measurement (contd.)

(b) Fair value through other comprehensive income (contd.)

Equity instruments

This category comprises investments in equity instrument that are not held for trading, and where the Group irrevocably elects to account for subsequent changes in the investments' fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividends clearly represent part recovery of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition of these financial assets, fair value changes and other net gains and losses accumulated in other comprehensive income are not recycled to profit or loss.

(c) Fair value through profit or loss ("FVTPL")

All financial assets not classified as amortised cost or fair value through other comprehensive income as described above are classified as FVTPL. This includes derivative financial assets (except for derivatives that are designated as effective hedging instruments). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be classified as financial asset at amortised cost or at fair value through other comprehensive income, as a financial asset at FVTPL, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss. Other net gains or losses, including any interest or dividend income, are also recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.9 Financial instruments (contd.)

(1) Financial assets (contd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

(i) The contractual rights to receive cash flows from the asset have expired; or
(ii) The Group has transferred its rights to receive the cash flows from the assets and has transferred substantially all risks and rewards related to the asset; or
(iii) The Group has transferred its rights to receive the cash flows from the assets and has not retained control of the assets; or
(iv) The Group has assumed an obligation to pay the cash flows from the asset in full without material delay to a third party under a 'pass-through' arrangement.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, but is not able to derecognise the asset, then the Group has to continue recognising the transferred asset to the extent of its continuing involvement and to recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(2) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

The Group initially measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.9 Financial instruments (contd.)

(2) Financial liabilities (contd.)

Subsequent measurement

The Group measures the financial liabilities depending on their classification, as described below:

(a) Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that exactly discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of a financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

(b) Fair value through profit or loss

The fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated as fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The changes in fair value of these financial liabilities are recognised in profit or loss.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.9 Financial instruments (contd.)

(2) Financial liabilities (contd.)

Derecognition

A financial liability is derecognised when the obligation under the liability expires, or is discharged or cancelled. 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 a replacement or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4.10 Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables.

ECLs are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are part of the contractual terms.

ECLs are recognised in two stages. For credit exposures where there have not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures where there have been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established provision matrices that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For non trade receivables, the Group assesses ECL on an individual basis by comparing the carrying amounts to the expected future cash flows discounted at the original effective interest rate, where relevant.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.10 Impairment of financial assets (contd.)

For debt instruments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group recognises impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in profit or loss and accumulated in the fair value reserve.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4.11 Contract assets and liabilities

A contract asset is the right of the Group to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group has performed its obligation by transferring goods or services to a customer before the customer pays consideration and before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9 Financial Instruments.

A contract liability is the obligation of the Group to transfer goods and services to a customer for which it has received consideration or an amount of consideration is due from the customer. If a customer pays consideration, such as advance payment and down payments, or the Group has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.12 Cash and cash equivalents

Cash comprises cash in hand, at bank and short term deposits with a maturity of three months or less. Cash equivalents, are short term, highly liquid investments that are readily convertible to known amounts of cash and that subject to insignificant risk of changes in value, against which the bank overdrafts, if any, are deducted.

2.4.13 Provisions

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

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

2.4.14 Leases

A lease, as defined in MFRS 16, is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses at inception of a contract whether it is a lease in accordance to MFRS 16.

(i) 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 right-of-use assets representing the right to use the underlying assets.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.14 Leases (contd.)

(i) Group as a lessee (contd.)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease i.e., the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, estimated cost to dismantle/restore the underlying asset, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. In the case where the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset implies that the lessee will exercise a purchase option, depreciation is calculated using the estimated useful life of the underlying asset. The depreciation period are as follows:

Leasehold office lots	50 years
Warehouse and sites	3 years
Equipment and machinery	3 years
Motor vehicles	5 years
Computer server	5 years

'Lease term' refers to the non-cancellable period of a lease plus: (i) the period covered by an option to extend the lease if the Group is reasonably certain to exercise; and (ii) the period covered by an option to terminate if the Group is reasonably certain not to exercise.

If the lease transfers the ownership of the underlying asset to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, depreciation is calculated using the estimated useful life of the underlying asset.

The right-of-use assets are also subject to impairment as detailed in Note 2.4.7 to the financial statements (Impairment of non-financial assets).

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.14 Leases (contd.)

(i) Group as a lessee (contd.)

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, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group, and payments of penalties for termination (if the lease term reflects the Group exercising the option to terminate the lease).

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (of the lessee) at the lease commencement date if the interest 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 interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a reassessment (e.g. change in the lease term) or lease modification (e.g. change in scope of lease).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). 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.

The Group also applied the available practical expedients wherein it:

- Applied the lease of low-value assets exemption to lease contracts for which the underlying asset is of low value (below RM20,000); and

- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.14 Leases (contd.)

(ii) Group as a lessor

Operating lease

Leases in which the Group retains substantially all the risks and rewards incidental to ownership of the underlying asset are classified as operating leases. Lease income from operating lease is accounted for on a straight-line basis or another systematic basis if another systematic basis is more representative of the pattern of benefit received. 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. The underlying asset of an operating lease is included in the statements of financial position based on the nature of the asset.

Contingent rents are recognised as revenue in the period in which they are earned.

2.4.15 Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, reissuance or cancellation of treasury shares. Consideration paid or received is recognised directly in equity.

2.4.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.17 Financial guarantee contracts

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder of a guarantee for a loss it incurs because a specified guaranteed debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract is recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk free rate of interest.

At the end of each subsequent reporting period, financial guarantees are measured at the higher of:

(i) the amount of the loss allowance determined in accordance with ECL; and

(ii) the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15, where appropriate.

2.4.18 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.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.19 Current and non-current classification

The Group presents assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.4.20 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. non-cash consideration and consideration payable to the customer, if any). Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.20 Revenue recognition (contd.)

Revenue from contracts with customers is measured at its transaction price which is the amount of consideration that the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, net of applicable taxes, returns, rebates and discounts. Transaction price is allocated to each distinct performance obligation on the basis of its relative stand-alone selling price.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

(i) Telecommunications services

(a) Revenue from voice and data services

Revenue from sale of voice, interconnection revenue and other network based services are recognised based on actual traffic volume net of rebates/discounts, when services are rendered.

Revenue from sale of data services, which are unlimited in usage, is recognised proportionately over the subscription period.

Revenue from sale of prepaid starter packs and prepaid phone cards where services have not been rendered are deferred (i.e. as disclosed as contract liabilities in trade and other payables) and recognised as revenue based on the actual use of the cards, net of taxes and discounts.

(b) Revenue from international airtime transfer ("IAT")

The Group purchases airtime value from suppliers and repackages the IAT cards and sells to end customers through third party dealers. Revenue from IAT is recognised net of service tax and discounts upon the transfer of control of the IAT cards to the dealers.

(c) Revenue from sale of telecommunication hardware

Revenue relating to sale of hardware is recognised when the Group transfers the control over the hardware to customers, i.e. when the products are delivered to customers.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.20 Revenue recognition (contd.)

(ii) Managed Telecommunications Network Services ("MTNS")

Revenue from MTNS mainly comprises of revenue from contracts with customers to build, maintain and operate large scale WiFi hotspots, radio access network ("RAN") infrastructure and fibre optic infrastructure.

The Group's MTNS revenue from contracts with customers are further described below:

(a) Revenue from construction of telecommunication infrastructure and Universal Service Provision ("USP") sites

Revenue is recognised over time where the Group uses the input method by reference to the proportion of costs incurred for work performed to date to the estimated total costs to measure the progress towards the satisfaction of performance obligation.

(b) Revenue from maintenance and support services

Revenue is recognised over the contractual period or performance of the maintenance and support services.

(iii) Non-operating spectrum related income

Non-operating spectrum related income relates to the sale of spectrum bandwidths which are recognised based on number of subscribers net of rebates/discounts, when services are rendered.

(iv) Industry digital services ("IDS")

Revenue from IDS related services mainly comprise revenue from data centre services, Internet of Things ("IoT") services and cloud services and applications. Revenue is recognised when services are rendered.

The recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below:

(1) Dividend income

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

(2) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.20 Revenue recognition (contd.)

The recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below: (contd.)

(3) Rental income

Rental income is recognised on an accrual basis.

2.4.21 Foreign currencies

(1) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (i.e. functional currency). The financial statements are presented in RM, which is also the Company's functional currency.

(2) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations are recognised in profit or loss of the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.21 Foreign currencies (contd.)

(3) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;

- Income and expenses for each statement of profit or loss and statement of other comprehensive income are translated at average exchange rates for the reporting period, which approximate the exchange rates at the dates of the transactions; and

- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign exchange reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets or liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.4.22 Employee benefits

(1) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(2) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.23 Taxes

(1) 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 taxes are 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.

(2) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.23 Taxes (contd.)

(2) Deferred tax (contd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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. The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2. Significant accounting policies (contd.)

2.4 Summary of significant accounting policies (contd.)

2.4.23 Taxes (contd.)

(3) Indirect taxes

Indirect taxes include Sales and Service Tax, and Goods and Services Tax (also known as Value Added Tax).

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

Indirect taxes incurred on the purchase of assets or services which cannot be recovered from the respective tax authorities are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The difference between output and input Goods and Services tax, being the amount payable to or receivable from the respective taxation authorities at the reporting date, is included in other payables or other receivables respectively in the statements of financial position.

2.4.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Significant accounting policies (contd.)

2.5 Significant accounting estimates and judgements

2.5.1 Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Classification between investment properties and owner occupied properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

2.5.2 Key sources of estimation uncertainty

The key assumptions 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 are discussed below:

(1) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on various factors including commercial factors, technological innovations, competitors actions and regulatory changes. As a result, the Group accelerated the depreciation of its telecommunication equipment during the current financial year. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 12.

2. Significant accounting policies (contd.)

2.5 Significant accounting estimates and judgements (contd.)

2.5.2 Key sources of estimation uncertainty (contd.)

(2) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(3) Revenue recognition from construction of telecommunication infrastructures and USP sites

The Group recognises revenue from construction of telecommunication infrastructures and USP sites based on input method in accordance with the accounting policies set out in Note 2.4.20 (ii)(a).

Significant judgement is required in determining the extent of progress towards completion, the extent of the contract costs incurred, the estimated total revenue and total costs and the recoverability of the contract. In making these judgements, management relies on past experience and project leaders and engineers.

(4) Allowance for ECL of trade receivables

The Group has applied the simplified approach to calculate expected credit losses which uses a lifetime expected loss allowance on all trade receivables. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics. The information about ECLs on the Group's trade receivables is disclosed in Note 21.

3. Revenue

	Group 2022 RM'000	Group 2021 RM'000
Revenue from contract with customers	158,042	174,673

Set out below is the disaggregation of the Group's revenue from contract with customers.

	Group 2022 RM'000	Group 2021 RM'000
Type of goods or services		
Telecommunications services	40,841	43,351
Managed Telecommunications Network Services		
Revenue from construction of telecommunication infrastructures	12,404	27,189
Revenue from maintenance and support services	67,648	71,026
	80,052	98,215
Non-operating spectrum related income	32,826	29,851
Industry digital services	4,323	3,256
	158,042	174,673
Timing of revenue recognition		
At a point in time	11,075	12,512
Over time	146,967	162,161
	158,042	174,673

4. Other income

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Interest income:				
- Subsidiaries and associates	56	129	757	1,059
- Others	763	1,010	-	1
Dividend income	435	215	24,935	20,115
Office rental income	82	76	-	-
Other income	1,682	257	993	-
Investment income	3,137	-	3,137	-
	6,155	1,687	29,822	21,175

Included in other income is wages subsidy of RM441,000 (2021: RM227,000), an initiative under the Short-Term Economic Recovery Plan from PERKESO.

5. Finance costs

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Accretion of interest for leases (Note 29)	419	628	-	-
Interest expense on:				
- Bank overdrafts	1	13	-	-
- Term loans	58	61	-	-
- Bank guarantees	524	218	-	-
- Advances from a subsidiary	-	-	967	658
Others	77	77	-	-
	1,079	997	967	658

6. Profit before tax

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

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Audit fee:				
- statutory audits	409	365	122	112
- other services	28	22	-	-
Amortisation of:				
- development costs (Note 15)	20	78	-	-
- intangible assets (Note 14)	13	50	-	-
Depreciation of:				
- property, plant and equipment (Note 12)	5,100	2,349	-	-
- right-of-use assets (Note 29)	6,311	6,295	-	-
Impairment of:				
- property, plant and equipment (Note 12)	1,775	-	-	-
- right-of-use assets (Note 29)	850	-	-	-
- investment in subsidiaries (Note 16)	-	-	90	-
- investment in associate (Note 17)	-	-	1,322	-
Directors' remuneration (Note 8)	2,872	2,649	858	886
Employee benefits expense (Note 7)	26,310	27,825	865	902
Fair value loss on an investment properties (Note 13)	-	8	-	-
(Gain)/loss on foreign exchange	(86)	34	-	-
Allowance for expected credit loss for:				
- trade receivables (Note 21)	3,802	-	-	-
- other receivables (Note 21)	3,526	1,998	11,031	4,392
Provision for Universal Service Fund Contribution (Note 30(c))	1,095	1,217	-	-
Net provision of annual leave	207	219	-	-

6. Profit before tax (contd.)

The following items have been included in arriving at profit before tax: (contd.)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Inventories written off/(written back)	143	(4)	-	-
Loss on disposal of property, plant and equipment (Note 12)	8	-	-	-
Property, plant and equipment written off (Note 12)	33	-	-	-
Expenses relating to leases:				
- short-term lease expenses	793	887	-	-
- expenses for leases of low-value assets	182	183	-	-

7. Employee benefits expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, wages, bonuses and allowances	22,378	22,630	856	885
Defined contribution plan	2,515	2,705	8	7
Social security contribution	228	214	1	2
Other benefits	1,189	2,276	-	8
	26,310	27,825	865	902

8. Directors' remuneration

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive directors' remuneration:				
- Salaries and bonuses	1,676	1,445	-	-
- Other emoluments	338	318	-	-
	2,014	1,763	-	-
Non-executive directors' remuneration:				
- Fees	780	808	780	808
- Other emoluments	78	78	78	78
	858	886	858	886
Total directors' remuneration	2,872	2,649	858	886

9. Taxation

The major components of income tax expense are as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current income tax:				
- Malaysian income tax	16,584	12,526	665	240
- (Over)/under provision in prior years	(1,483)	(165)	(6)	151
	15,101	12,361	659	391
Deferred tax (Note 19):				
- Origination and reversal of temporary differences	(224)	638	-	-
- Under provision in prior year	1,115	401	-	-
	891	1,039	-	-
Total income tax expense	15,992	13,400	659	391

Reconciliation between tax expense and accounting profit

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

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit before tax	56,468	42,071	14,874	14,456
Taxation at Malaysian statutory tax rate of 24%	13,552	10,097	3,570	3,469
Different tax rates in other countries	(148)	(6)	-	-
Income not subject to tax	(4,613)	(4,904)	(4,423)	(4,827)
Expenses not deductible	4,160	4,484	428	544
Deferred tax assets not recognised during the financial year	3,409	3,493	1,090	1,054
(Over)/under provision of income tax in prior years	(1,483)	(165)	(6)	151
Under provision of deferred tax in prior years	1,115	401	-	-
Income tax expense for the financial year	15,992	13,400	659	391

9. Taxation (contd.)

Current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue with voting rights during the financial year.

	Group	
	2022	**2021**
Profit attributable to owners of the parent (RM'000)	39,458	26,286
Weighted average number of ordinary shares in issue with voting rights ('000)	772,952	772,952
Basic earnings per share (sen):	5.10	3.40

(b) Diluted

There are no potential ordinary shares outstanding as at the end of the current financial year. As such, the fully diluted earnings per share of the Group is not presented.

11. Goodwill

	Group 2022 RM'000	Group 2021 RM'000
Net carrying amount	423	423

(a) The carrying amount of goodwill allocated to cash-generating unit is as follows:

	Group 2022 RM'000	Group 2021 RM'000
REDtone Engineering & Network Services Sdn. Bhd. ("RENS")	423	423

(b) The recoverable amount of the cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows computed based on the projections of financial budgets approved by directors covering a period of 3 years. The key assumptions were the Earning Before Interest, Tax, Depreciation, and Amortisation ("EBITDA") margin and discount rate of 10.50% (2021: 13.50%). The EBITDA margin was determined by management based on past performance and management's assessment of future trends in the telecommunication industry. The discount rates used are computed based on the weighted average cost of capital of the industry that the Group operates in.

Sensitivity to changes in assumptions

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

12. Property, plant and equipment

	Freehold office lots RM'000	Computers RM'000	Furniture, fittings and office equipment RM'000	Equipment, plant and machinery RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Group							
2022							
Cost							
At 1 July 2021	5,498	6,560	1,015	39,448	2,607	206	55,334
Additions	-	296	10	1,309	11	-	1,626
Disposal	-	-	-	-	-	(22)	(22)
Written off	-	(65)	-	(122)	-	-	(187)
At 30 June 2022	5,498	6,791	1,025	40,635	2,618	184	56,751
Accumulated depreciation							
At 1 July 2021	1,496	5,578	798	34,888	2,341	175	45,276
Charge for the year (Note 6)	118	597	174	3,963	236	12	5,100
Disposal	-	-	-	-	-	(3)	(3)
Written off	-	(32)	-	(122)	-	-	(154)
At 30 June 2022	1,614	6,143	972	38,729	2,577	184	50,219
Accumulated impairment							
At 1 July 2021	-	-	-	-	-	-	-
Impairment during the year (Note 6)	-	553	-	1,222	-	-	1,775
At 30 June 2022	-	553	-	1,222	-	-	1,775
Net carrying amount	3,884	95	53	684	41	-	4,757

12. **Property, plant and equipment (contd.)**

	Freehold office lots RM'000	Computers RM'000	Furniture, fittings and office equipment RM'000	Equipment, plant and machinery RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Group							
2021							
Cost							
At 1 July 2020	6,098	6,264	1,000	38,874	2,594	184	55,014
Additions	-	296	18	574	13	22	923
Disposal	-	-	(2)	-	-	-	(2)
Written off	-	-	(1)	-	-	-	(1)
Reclassified to investment properties	(600)	-	-	-	-	-	(600)
At 30 June 2021	5,498	6,560	1,015	39,448	2,607	206	55,334
Accumulated depreciation							
At 1 July 2020	1,386	5,341	747	33,048	2,265	154	42,941
Charge for the year (Note 6)	122	237	53	1,840	76	21	2,349
Disposal	-	-	(1)	-	-	-	(1)
Written off	-	-	(1)	-	-	-	(1)
Reclassified to investment properties	(12)	-	-	-	-	-	(12)
At 30 June 2021	1,496	5,578	798	34,888	2,341	175	45,276
Net carrying amount	4,002	982	217	4,560	266	31	10,058

12. Property, plant and equipment (contd.)

The freehold office lots (as disclosed above) and leasehold office lots (as disclosed in Note 29) of the Group have been pledged to licensed banks as security of banking facilities granted to the Group as disclosed in Note 28.

Included in the cost of property, plant and equipment of the Group are costs of fully depreciated which are still in use amounting to RM44,508,000 (2021: fully depreciated of RM32,122,000).

Impairment testing of plant and equipment and right-of-use assets relating to telecommunication services

REDtone Telecommunications Sdn. Bhd., which is a subsidiary of the Group providing telecommunication services is operating in the telecommunications industry which is highly competitive with a saturated market, coupled with continued advancements in technology and changes from a regulatory perspective. This has resulted in declining revenues and margins and consequently a loss before tax position which has triggered an impairment assessment on the plant and equipment and right-of-use assets. Arising from the impairment assessment, it was noted that the carrying amount exceeded the recoverable amount and an impairment of RM2,626,000 was recognised (limited to the higher of the fair value less cost of disposal of the respective individual assets). The recoverable amount of the CGU has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a three-year period.

The discount rate and gross profit margins in the cash flow projections were 10.70% and 30% respectively. No terminal value was applied in view of the finite life of the assets under review.

13. Investment properties

	Group	
	2022	**2021**
	RM'000	**RM'000**
Freehold office lots, at fair value		
At beginning of financial year	1,180	600
Reclassified from property, plant and equipment	-	588
Fair value loss recognised in the statements of profit or loss (Note 6)	-	(8)
At end of financial year	1,180	1,180

In the previous financial year, in accordance with MFRS 140: Investment Property, the Group transferred one freehold office lot from property, plant and equipment to investment properties as it was rented out to an external party. At the date of transferring to investment properties, the fair value of the freehold office lot was RM588,000.

The fair value of the investment properties was determined based on independent valuations using the comparative market value approach. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued.

13. Investment properties (contd.)

Details of the fair value of investment properties are as follows:

	Valuation method	Fair value measurement using significant unobservable inputs (Level 3) RM'000
Freehold office lots, at fair value	Comparison method	1,180

The property is valued by reference to transactions of similar properties in the surrounding area taking into consideration adjustments for differences in location, size of the floor area, tenure and other relevant characteristics.

The significant unobservable input is the price per square meter. Significant increase/(decrease) in estimated price per square meter would result in higher/(lower) value.

The Group's investment properties are secured against the loans and borrowings as disclosed in Note 28.

14. Intangible assets

	Cloud service platform RM'000	Telecommu-nications licences RM'000	Spectrum rights RM'000	Total RM'000
Group				
2022				
Cost				
At 1 July 2021	250	24,670	-	24,920
Addition	-	-	11,760	11,760
At 30 June 2022	250	24,670	11,760	36,680
Accumulated amortisation/impairment				
At 1 July 2021	237	24,670	-	24,907
Amortisation (Note 6)	13	-	-	13
At 30 June 2022	250	24,670	-	24,920
Net carrying amount	-	-	11,760	11,760
2021				
Cost				
At 1 July 2020/30 June 2021	250	24,670	-	24,920
Accumulated amortisation/impairment				
At 1 July 2020	187	24,670	-	24,857
Amortisation (Note 6)	50	-	-	50
At 30 June 2021	237	24,670	-	24,907
Net carrying amount	13	-	-	13

The spectrum rights relates to upfront fees for the spectrum assignment with frequency band of 2,500 MHz paired with 2,600 MHz which extends the use from 1 July 2022 for a period of 5 years.

15. Development costs

	Group 2022 RM'000	Group 2021 RM'000
Cost		
At beginning/end of financial year	8,344	8,344
Accumulated amortisation and impairment		
At beginning of financial year	8,324	8,246
Amortisation (Note 6)	20	78
At beginning/end of financial year	8,344	8,324
Analysed as:		
Accumulated amortisation	6,691	6,671
Accumulated impairment	1,653	1,653
	8,344	8,324
Net carrying amount	-	20

16. Investments in subsidiaries

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost	2,994	2,994
ESOS granted to employees of subsidiary companies	10,367	10,367
	13,361	13,361
Accumulated impairment losses	(3,894)	(3,804)
	9,467	9,557

The management had performed an impairment assessment on REDtone IOT Sdn. Bhd. as it continues to be in a loss making position. The management had determined the recoverable amount based on value in use calculation using cashflow projections from financial budgets approved by the management covering a three-year period and noted that carrying amount exceeded the recoverable amount. Accordingly, the management recognised an impairment of RM90,001.

The details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of effective interest held 2022 %	Proportion of effective interest held 2021 %	Principal activities
REDtone Telecommunications Sdn. Bhd. ("RTC")	Malaysia	100	100	Research, development, marketing of computer-telephony integration, provision of telecommunication related products and services.
SEA Telco Technology Sdn. Bhd. ("STT") (formerly known as REDtone Technology Sdn. Bhd.)	Malaysia	100	100	Provider of total solutions in telecommunication related products and services and investment holding.
REDtone Engineering & Network Services Sdn. Bhd. ("RENS")	Malaysia	100	100	Provision of telecommunication related products and services and investment holding.
REDtone Data Centre Sdn. Bhd. ("RDC")	Malaysia	70	70	Provides system integration, software solutions and trading in computer hardware.
Ansar Mobile Sdn. Bhd. ("ANM")	Malaysia	100	100	Provision of telecommunications services including fixed and mobile services and telecom-munications related services.
REDtone IOT Sdn. Bhd. ("RIOT")	Malaysia	100	100	Provider of business solutions in information technology and to build interconnection of uniquely identifiable embedded computing device within existing internet infrastructure.

16. Investments in subsidiaries (contd.)

Name of subsidiary companies	Country of incorporation	Proportion of effective interest held 2022 %	2021 %	Principal activities
Held through STT				
REDtone Mytel Sdn. Bhd.	Malaysia	60	60	Provision of telecommunication services.
REDtone Technology Pte. Ltd. ^	Singapore	100	100	Provision of telecommunication related products and services.
SEA Telco Engineering Services Sdn. Bhd. ("STE")	Malaysia	80	80	Provision of information technology and telecommunication related products and services.
Meridianotch Sdn. Bhd.	Malaysia	100	100	Investment holding.
Held through RENS				
Bytebuilder Sdn. Bhd. ("BBSB")	Malaysia	60	60	Provision of fibre optic transmission network services and project management services relating to telecommunications.

^ This subsidiary company was audited by another firm of chartered accountants.

16. Investments in subsidiaries (contd.)

(a) Subsidiary companies with material non-controlling interests

The Group regards the non-controlling interests of the following subsidiary companies as material to the Group and is set out below. The equity interests held by non-controlling interests are as follows:

	Equity interest held by non-controlling interests	
	2022	2021
Name	%	%
STE	20	20
RDC	30	30
BBSB	40	40

Summarised financial information of subsidiary companies which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below exclude inter-company elimination.

	STE	RDC	BBSB
At 30 June 2022	RM'000	RM'000	RM'000
Non-current assets	853	1,706	250
Current assets	208,567	3,892	199
Non-current liabilities	(34)	(725)	-
Current liabilities	(159,015)	(16,465)	(3,396)
Net assets/(liabilities)	50,371	(11,592)	(2,947)
Year ended 30 June 2022			
Revenue	40,027	3,625	2,601
Profit/(loss) for the financial year	12,207	(1,342)	(2,680)
Year ended 30 June 2022			
Net cash generated from/(used in):			
Operating activities	11,523	821	(1,158)
Investing activities	88	-	11
Financing activities	342	(877)	-
Net change in cash and cash equivalents	11,953	(56)	(1,147)

16. Investments in subsidiaries (contd.)

(a) Subsidiary companies with material non-controlling interests (contd.)

	STE RM'000	RDC RM'000	BBSB RM'000
At 30 June 2021			
Non-current assets	3,324	2,780	344
Current assets	83,483	4,104	2,329
Non-current liabilities	(21)	(1,513)	-
Current liabilities	(51,311)	(15,622)	(2,939)
Net assets/(liabilities)	35,475	(10,251)	(266)
Year ended 30 June 2021			
Revenue	87,372	3,030	308
Profit/(loss) for the financial year	17,287	(1,392)	(1,516)
Year ended 30 June 2021			
Net cash generated from/(used in):			
Operating activities	(30,073)	821	(2,429)
Investing activities	33,850	-	(366)
Financing activities	(1,535)	(862)	4,000
Net change in cash and cash equivalents	2,242	(41)	1,205

17. Investments in associates

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares in Malaysia, at cost	3,305	3,305	3,305	3,305
Share of post-acquisition reserves	(2,464)	(2,464)	-	-
Accumulated impairment losses	(841)	(841)	(3,305)	(1,983)
	-	-	-	1,322

17. Investments in associates (contd.)

The management had performed an impairment assessment on REDtone MEX Sdn. Bhd. as it continues to be in a loss making position. The management had determined the recoverable amount based on value in use calculation using cashflow projections from financial budgets approved by the management covering a three-year period and noted that carrying amount exceeded the recoverable amount. Accordingly, the management recognised an impairment on the remaining carrying amount of RM1,322,000.

Details of the associates are as follows:

Name of associated companies	Country of incorporation	Proportion of effective interest held 2022 %	2021 %	Principal activities
REDtone Network Sdn. Bhd. ("RTN")	Malaysia	49	49	Research and development and marketing of communication applications.
Sea Telco Engineering Services (Sarawak) Sdn. Bhd. ("STES")	Malaysia	20	20	Telecommunications and related services.
REDtone MEX Sdn. Bhd. ("REX")	Malaysia	56	56	Building of teleconsultation/ teleradiology exchange and distributing, designing and development of information system, mobile solutions and healthcare solution.

The Group classifies its investment in REX as an associate notwithstanding its 56% shareholdings as the Group only has significant influence over the investee by virtue of Board representation to participate in the financial and operating policy decisions and not control or joint control over those policies.

The Group has not recognised losses relating to the following associates as its share of losses has exceeded the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the reporting date are as follows:

	2022 RM'000	2021 RM'000
RTN	1,031	1,029
STES	18	17
REX	5,798	5,143

17. Investments in associates (contd.)

The summarised financial information of the material associated company are as follows:

Summarised statement of financial position of REX

	2022 RM'000	2021 RM'000
Assets and liabilities		
Current assets	2,787	2,806
Non-current assets	278	392
Current liabilities	(9,178)	(8,142)
Net liabilities	(6,113)	(4,944)

Summarised statement of comprehensive income of REX

	2022 RM'000	2021 RM'000
Revenue	113	5,900
Loss for the financial year, representing total comprehensive loss for the financial year	(1,169)	(749)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in REX:

	2022 RM'000	2021 RM'000
Net liabilities at beginning of year	(4,944)	(4,195)
Loss for the year	(1,169)	(749)
Net liabilities at the end of year	(6,113)	(4,944)
Group's equity interest	56%	56%
Interest in associate company	(3,423)	(2,769)
Group's share of net liabilities	3,423	2,769
Carrying value	-	-

18. Other investments

	Group/Company 2022 RM'000	2021 RM'000
At fair value through other comprehensive income ("FVTOCI")		
- Quoted shares in Malaysia	38,360	24,455

During the financial year, the Group and the Company recognised the fair value changes of investments classified as FVTOCI, amounting to a gain of RM13,905,000 (2021: RM5,996,000) to the FVTOCI reserve.

Further details on fair value hierarchy and classification of equity investments are disclosed in Note 34(f).

19. Deferred tax

	Group 2022 RM'000	2021 RM'000
At beginning of financial year	(1,485)	(2,524)
Recognised in the statements of profit or loss (Note 9)	891	1,039
At end of financial year	(594)	(1,485)
Presented in the statements of financial position as follows:		
Deferred tax assets	(594)	(1,485)

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Total RM'000
At 1 July 2021	-	(4,951)	(4,951)
Recognised in the statements of profit or loss and other comprehensive income	-	1,710	1,710
At 30 June 2022	-	(3,241)	(3,241)
Less: Offset against deferred tax liabilities			2,647
			(594)
At 1 July 2020	(1,504)	(5,451)	(6,955)
Recognised in the statements of profit or loss and other comprehensive income	1,504	500	2,004
At 30 June 2021	-	(4,951)	(4,951)
Less: Offset against deferred tax liabilities			3,466
			(1,485)

19. Deferred tax (contd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment and intangible assets RM'000
At 1 July 2021	3,466
Recognised in the statements of profit or loss and other comprehensive income	(819)
At 30 June 2022	2,647
Less: Offset against deferred tax assets	(2,647)
	-
At 1 July 2020	4,431
Recognised in the statements of profit or loss and other comprehensive income	(965)
At 30 June 2021	3,466
Less: Offset against deferred tax assets	(3,466)
	-

Deferred tax assets of the Group and of the Company have not been recognised in respect of the following items:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	26,578	16,802	-	-
Unabsorbed capital allowances	3,027	1,705	-	-
Other deductible temporary differences	19,879	16,772	10,918	6,376
	49,484	35,279	10,918	6,376

At the reporting date, the Group and the Company have unutilised tax losses and unabsorbed capital allowances that are available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group are subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority. Other deductible temporary differences are available indefinitely for offset against future taxable profits of the Group and of the Company.

The Malaysia Finance Act gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses to seven (7) consecutive years of assessment. However, this time limitation was extended to ten (10) consecutive years of assessment by the subsequent Malaysia Finance Act gazetted on 31 December 2021. As such, the unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for ten (10) consecutive years of assessment (ie. from years of assessment 2019 to 2028) and any balance of the unutilised tax losses thereafter shall be disregarded.

19. Deferred tax (contd.)

In addition, any unutilised tax losses that originated from the year of assessment 2019 onwards are allowed to be carried forward for a maximum period of ten (10) consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

Pursuant to the relevant tax regulations, the unutilised tax losses at the end of the reporting period will expire as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Within 10 years	12,248	2,210
Within 9 years	2,210	2,672
Within 8 years	2,672	2,330
Within 7 years	2,330	9,590
Within 6 years	7,118	-
	26,578	16,802

20. Inventories

	Group	
	2022	**2021**
	RM'000	**RM'000**
Net realisable value		
Finished goods	476	572

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM9,020,000 (2021: RM9,689,000).

21. Trade and other receivables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade receivables				
Third parties	42,571	49,280	-	-
Less: Allowance for expected credit loss	(4,630)	(845)	-	-
Trade receivables, net	37,941	48,435	-	-

21. Trade and other receivables (contd.)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current				
Other receivables				
Third parties	2,744	2,369	-	-
Amount due from an associated company	5,533	5,463	5,202	5,151
Amounts due from subsidiary companies	-	-	62,805	59,087
Deposits	2,223	2,442	-	-
Prepayments	1,647	1,481	12	12
Sundry receivables	219	206	104	4
	12,366	11,961	68,123	64,254
Less: Allowance for expected credit loss	(5,574)	(2,048)	(15,423)	(4,392)
Other receivables, net	6,792	9,913	52,700	59,862
	44,733	58,348	52,700	59,862
Total trade and other receivables	44,733	58,348	52,700	59,862
Add: Cash and bank balances (Note 24)	78,318	42,449	1,337	206
Less: Prepayments	(1,647)	(1,481)	(12)	(12)
Total financial assets carried at amortised cost	121,404	99,316	54,025	60,056

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's total trade receivables are as follows:

Group 2022	Gross carrying amount at default RM'000	Significant expected credit loss RM'000	Net carrying amount RM'000
Current	10,949	-	10,949
1 to 30 days	293	-	293
31 to 60 days	528	-	528
61 to 90 days	17,588	-	17,588
91 to 120 days	94	-	94
More than 121 days	13,119	(4,630)	8,489
Total	42,571	(4,630)	37,941

21. Trade and other receivables (contd.)

Ageing analysis of trade receivables (contd.)

The ageing analysis of the Group's total trade receivables are as follows (contd.):

	Group 2021 Gross carrying amount at default RM'000	Group 2021 Significant expected credit loss RM'000	Group 2021 Net carrying amount RM'000
Current	9,964	-	9,964
1 to 30 days	741	-	741
31 to 60 days	23,338	-	23,338
61 to 90 days	1,665	-	1,665
91 to 120 days	38	-	38
More than 121 days	13,534	(845)	12,689
Total	49,280	(845)	48,435

The Group's trade receivables are non-interest bearing and are subject to normal trade credit terms ranging from 30 to 60 days (2021: 30 to 60 days). They are recognised at their original invoice amounts which represents their fair value on initial amount. More than 89% (2021: 85%) of the Group's trade receivables arise from customers with more than 5 years of experience with the Group and there is no concern on the credit-worthiness of the counterparties and the recoverability of these debts.

Movement in expected credit losses for trade and other receivables

The Group's trade and other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Movement in allowance for expected credit loss:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade receivables				
At beginning of financial year	845	1,828	-	-
Net allowance for expected credit loss (Note 6)	3,802	-	-	-
Written off	(17)	(983)	-	-
At end of financial year	4,630	845	-	-

21. Trade and other receivables (contd.)

Movement in allowance for expected credit loss: (contd.)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables				
At beginning of financial	2,048	61	4,392	-
Net allowance for expected credit loss (Note 6)	3,526	1,998	11,031	4,392
Written off	-	(11)	-	-
At end of financial year	5,574	2,048	15,423*	4,392

*Of the total RM15,423,000 (2021: RM4,392,000) allowance for expected credit loss as at the end of the financial year, RM10,221,000 (2021: RM2,412,000) relates to amount due from subsidiary companies and RM5,202,000 (2021: RM1,980,000) relates to amount due from an associate.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month and each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. As at reporting date, the concentration of credit risk in the form of outstanding balances is mainly due to two (2021: two) customers representing approximately 76% (2021: 79%) of the total trade receivables.

(b) Amounts due from subsidiary companies

Amounts due from subsidiary companies are non-trade in nature, interest bearing at 2.75% p.a. (2021: 2.75% p.a.), unsecured and are repayable on demand.

(c) Amount due from an associated company

Amount due from an associated company is non-trade in nature, interest-bearing at 2.75% p.a. (2021: 2.75% p.a.), unsecured and is repayable on demand.

22. Contract assets/liabilities

	Group 2022 RM'000	Group 2021 RM'000
Current		
Contract assets	63,547	75,787
Contract liabilities	(6,223)	(5,490)

Contract assets primarily relate to the Group's right to consideration for service transferred for which the receipt of its consideration is conditional on the completion and final acceptance of the customers. Contract assets are transferred to receivables when the right becomes unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received the consideration in advance or has billed the customer. Contract liabilities are recognised as revenue as the Group performs the services under the contract.

	Group 2022 RM'000	Group 2021 RM'000
Contract assets and contract liabilities		
At beginning of financial year	70,297	31,086
Revenue recognised during the financial year	108,058	119,588
Billings during the financial year	(121,031)	(80,377)
At end of financial year	57,324	70,297

The transaction price allocated to the remaining performance obligations as at the reporting date is as follows:

	Group 2022 RM'000	Group 2021 RM'000
Within one year	88,465	73,760
More than one year	44,363	41,039
	132,828	114,799

23. Short term investments

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Fair value through profit or loss				
Quoted equity instruments in Malaysia	50,007	50,002	50,007	50,002

The above investments are in respect of a discretionary investment management agreement entered into with a fund manager as part of the Group's short term cash management fund purposes.

Further details on fair value hierarchy and classification of equity instruments are disclosed in Note 34(f).

24. Cash and bank balances

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash in hand and at banks	49,377	14,837	351	206
Deposits with licensed banks	28,941	27,612	986	-
	78,318	42,449	1,337	206
Less: Deposits pledged to licensed banks	(28,941)	(27,612)	(986)	-
Total cash and cash equivalents	49,377	14,837	351	206

24. Cash and bank balances (contd.)

The interest rates per annum of deposits with licensed banks at the reporting date were as follows:

	Group 2022	Group 2021
Deposits with licensed banks	1.56%	1.57%

The average maturity of deposits with licensed banks at the reporting date were as follows:

	Group 2022 Days	Group 2021 Days
Deposits with licensed banks	98	98

The deposits with licensed banks are pledged or deposited to banks for bank guarantee facilities granted to the Group.

Other information on financial risks of cash and bank balances are disclosed in Note 34.

25. Share capital

Issued and fully paid-up:

	Group/Company			
	Number of shares		Amount	
	2022	2021	2022 RM'000	2021 RM'000
At beginning and end of financial year	782,453,885	782,453,885	149,813	149,813

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

26. Treasury shares

During the financial year, the Company did not buy back any of its own shares.

Details of the shares repurchased and retained as treasury shares were as follows:

	Group/Company			
	Number of shares		Amount	
	2022	2021	2022 RM'000	2021 RM'000
At beginning and end of financial year	9,502,000	9,502,000	5,653	5,653

27. Reserves

		Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Retained profits/(accumulated losses)		54,220	28,675	(46,190)	(46,492)
Foreign exchange reserve	(a)	(663)	(663)	-	-
Revaluation reserve	(b)	641	641	-	-
FVTOCI reserve	(c)	19,751	5,846	19,751	5,846
		73,949	34,499	(26,439)	(40,646)

(a) Foreign exchange reserve

Foreign exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Revaluation reserve

The revaluation reserve arose from the revaluation of freehold office lots when the freehold office lots were transferred from property, plant and equipment to investment properties.

(c) FVTOCI reserve

FVTOCI reserve relates to the fair value changes of investments classified as FVTOCI as disclosed in Note 18.

28. Loans and borrowings

		Group	
		2022	2021
	Maturity	RM'000	RM'000
Current			
Secured:			
Term loans:-			
Fixed loan 1 at BLR -1.65% p.a.	2023	14	13
Fixed loan 2 at BLR -1.65% p.a.	2023	33	32
Refinancing loan 1 at BLR -1.65% p.a.	2023	11	11
Refinancing loan 2 at BLR -1.65% p.a.	2023	27	25
Refinancing loan 3 at BLR -1.65% p.a.	2023	12	11
		97	92
Non-current			
Secured:			
Term loans:-			
Fixed loan 1 at BLR -1.65% p.a.	2024 - 2029	170	185
Fixed loan 2 at BLR -1.65% p.a.	2024 - 2029	400	436
Refinancing loan 1 at BLR -1.65% p.a.	2024 - 2029	150	161
Refinancing loan 2 at BLR -1.65% p.a.	2024 - 2029	343	372
Refinancing loan 3 at BLR -1.65% p.a.	2024 - 2029	150	163
		1,213	1,317
Total loans and borrowings			
Secured:			
Fixed loan 1 at BLR -1.65% p.a.		184	198
Fixed loan 2 at BLR -1.65% p.a.		433	468
Refinancing loan 1 at BLR -1.65% p.a.		161	172
Refinancing loan 2 at BLR -1.65% p.a.		370	397
Refinancing loan 3 at BLR -1.65% p.a.		162	174
		1,310	1,409

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

	Group	
	2022	2021
	RM'000	RM'000
On demand or within one year	97	92
More than 1 year and less than 2 years	102	97
More than 2 years and less than 5 years	219	321
5 years or more	892	899
	1,310	1,409

28. Loans and borrowings (contd.)

Term loans

The term loans are secured by:

(i) a first party legal charge over the Group's freehold office lots as disclosed in Note 12 and Note 13; and

(ii) a corporate guarantee provided by the Company.

The repayment terms of the term loans are as follows:

Fixed loan 1 at effective interest rate of 4.07% per annum	Repayable in 240 monthly instalments of RM1,881, effective June 2009.
Fixed loan 2 at effective interest rate of 4.07% per annum	Repayable in 240 monthly instalments of RM4,428, effective June 2009.
Refinancing loan 1 at effective interest rate of 4.07% per annum	Repayable in 240 monthly instalments of RM1,538, effective September 2009.
Refinancing loan 2 at effective interest rate of 4.07% per annum	Repayable in 240 monthly instalments of RM3,635, effective September 2009.
Refinancing loan 3 at effective interest rate of 4.07% per annum	Repayable in 240 monthly instalments of RM1,604, effective September 2009.

29. Right-of-use assets and lease liabilities

Carrying amounts of right-of-use assets recognised and the movements during the financial year:

	At beginning of financial year RM'000	Additions RM'000	Depreciation RM'000	Impairment RM'000	At end of financial year RM'000
Group					
At 30 June 2022					
Leasehold office lots	380	-	(14)	-	366
Warehouse and sites	4,440	244	(3,117)	-	1,567
Equipment and machinery	1,394	2,367	(2,662)	(565)	534
Motor vehicles	3	-	(3)	-	-
Computer server	1,669	-	(515)	(285)	869
Total	7,886	2,611	(6,311)	(850)	3,336
At 30 June 2021					
Leasehold office lots	394	-	(14)	-	380
Warehouse and sites	5,809	2,459	(3,828)	-	4,440
Equipment and machinery	3,329	275	(2,210)	-	1,394
Motor vehicles	44	-	(41)	-	3
Computer server	1,871	-	(202)	-	1,669
Total	11,447	2,734	(6,295)	-	7,886

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year.

	Group	
	2022 RM'000	2021 RM'000
At beginning of financial year	7,428	11,163
Additions	2,611	2,734
Accretion of interest	419	628
Lease payments	(6,814)	(7,097)
At end of financial year	3,644	7,428
Analysed as:		
- Current	2,568	5,061
- Non-current	1,076	2,367
	3,644	7,428

The Group has total cash outflow for leases amounting to RM7,789,000 (2021: RM8,167,000).

30. Trade and other payables

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade payables				
Third parties	2,506	5,173	-	-
Accruals	43,000	52,017	-	-
	45,506	57,190	-	-
Other payables				
Amounts due to a subsidiary company	-	-	33,762	41,741
Provision for Universal Service Fund Contribution ("USOF") (Note 30(c))	6,122	6,671	-	-
Accruals	4,833	5,844	138	140
Deposits payable	1,796	1,777	-	-
Sundry payables	1,538	982	217	35
	14,289	15,274	34,117	41,916
Total trade and other payables	59,795	72,464	34,117	41,916
Add: loans and borrowings (Note 28)	1,310	1,409	-	-
Less: provision for USOF	(6,122)	(6,671)	-	-
Total financial liabilities carried at amortised cost	54,983	67,202	34,117	41,916

(a) Trade payables

Trade payables are interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 (2021: 30 to 60) days.

(b) Amounts due to a subsidiary company

Amounts due to a subsidiary company is non-trade in nature, interest bearing at 2.75% p.a. (2021: 2.75% p.a.), unsecured and is repayable on demand.

(c) Provision for USOF

	Group 2022 RM'000	Group 2021 RM'000
At beginning of financial year	6,671	6,298
Recognised in the statements of profit or loss and other comprehensive income (Note 6)	1,095	1,217
Payment	(1,644)	(844)
At end of financial year	6,122	6,671

In accordance with the Communications and Multimedia (Universal Service Provision) Regulations 2002, a licensee whose revenue exceeds RM2,000,000 (derived from the designated services as specified in the Return of Net Revenue), shall contribute 6% of its total weighted net revenue to the USOF.

31. Commitment

	Group 2022 RM'000	2021 RM'000
Capital commitment		
Approved and contracted for:		
- Property, plant and equipment	208	90

32. Performance bond and financial guarantees

	Group 2022 RM'000	2021 RM'000
Performance bonds in favour of various government and statutory bodies and private companies	38,707	38,326

Financial guarantees

The Company provided corporate guarantees amounting to RM40,017,000 (2021: RM39,735,000) to certain financial institutions for credit facilities (including the performance bonds above) granted to its subsidiary companies. The Company has assessed and regarded that the credit enhancements provided by these guarantees are minimal. As such, the Company did not ascribe any values to these corporate guarantees.

33. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Note	Group 2022 RM'000	2021 RM'000
Revenue:			
Wireless broadband:			
- BCorp	b	28	23
- Berjaya Land Berhad	c	23	23
- Berjaya Sompo Insurance Berhad	d	1,048	1,032
- Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad)	c	23	23
- Berjaya Starbucks Coffee Company Sdn. Bhd.	c	9	25
- Berjaya Waterfront Sdn. Bhd.	e	62	62
- Inter-Pacific Securities Sdn. Bhd.	c	72	72
- Qinetics Services Sdn. Bhd.	a	6	6
- Sun Media Corporation Sdn. Bhd.	f	70	70
- Singer (Malaysia) Sdn. Bhd.	a	6	6
- The Taaras Beach & Spa Resort (Redang) Sdn. Bhd.	c	183	130

33. Related party disclosures (contd.)

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Note	Group 2022 RM'000	Group 2021 RM'000
Revenue (contd.):			
Corporate voice:			
- BCorp	b	27	38
- Berjaya Sompo Insurance Berhad	d	1	3
- Cempaka Properties Sdn. Bhd.	c	-	1
- Singer (Malaysia) Sdn. Bhd.	a	15	24
- STM Lottery Sdn. Bhd. (formerly known as Sports Toto Malaysia Sdn. Bhd.)	c	5	8
- U Mobile Sdn. Bhd.	a	45	46
Data centre services:			
- Berjaya Sompo Insurance Berhad	d	91	181
- Singer (Malaysia) Sdn. Bhd.	a	80	59
- BLoyalty Sdn. Bhd.	c	1,475	1,347
- Qinetics MSP Sdn. Bhd.	a	51	51
Managed Telecommunications Network Services:			
- U Mobile Sdn. Bhd.	a	136	-
Other income:			
Interest income from associates:			
- REX	c	55	128
- STES	c	1	1
Expenses:			
Qinetics Services Sdn. Bhd.:	a		
- Hardware maintenance		88	66
BCorp:	b		
- Management fees		60	60
Berjaya Higher Education Sdn. Bhd.:	c		
- Training		-	17
Berjaya Registration Services Sdn. Bhd.:	c		
- Share registration		63	62
Berjaya Sompo Insurance Berhad:	d		
- General insurance		206	197
- Group hospital and surgical		31	245
Berjaya Times Square Sdn. Bhd.:	e		
- Rental co-location		73	73
E.V.A. Management Sdn. Bhd.:	c		
- Management fee		42	33
U Mobile Sdn. Bhd.:	a		
- Staff handphone charges		182	131
BLoyalty Sdn. Bhd.:	c		
- Equipment rental		40	40

33. Related party disclosures (contd.)

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

	Note	Company 2022 RM'000	Company 2021 RM'000
Other income:			
Interest income from subsidiaries and associates:			
- RIOT		65	98
- RTC		584	708
- RDC		50	78
- REX		50	122
- STT		8	17
- RENS		-	32
- ANM		-	4
Expenses:			
Interest charged by subsidiary:			
- STE		967	658
Management fees:			
- BCorp	b	60	60
Administrative support cost:			
- RTC		5	5

The relationships of the related party transactions are as follows:

(a) A company in which Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT"), a substantial shareholder of the Company, has deemed interests;
(b) Ultimate holding company of the Company;
(c) Related companies other than subsidiary companies of the Company;
(d) Associate company of BCorp Group;
(e) A subsidiary company of Berjaya Assets Berhad ("BASSET"). TSVT is a substantial shareholder of BASSET; and
(f) Subsidiary company of Berjaya Media Berhad, a company in which BCorp and TSVT have substantial interests.

33. Related party disclosures (contd.)

Compensation of key management personnel

The remuneration of key management during the financial year was as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	6,185	5,756	858	886

Included in compensation for key management personnel of the Group are directors' remuneration amounting to RM2,872,000 (2021: RM2,649,000) as disclosed in Note 8.

34. Financial instruments

(a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk, and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risks is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

34. Financial instruments (contd.)

(b) Interest rate risk (contd.)

The Group has minimal exposure to interest rate risk at the reporting date. The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
Group							
At 30 June 2022							
Loans and borrowings	28	4.07%	97	102	219	892	1,310
Lease liability	29	6.99%	2,568	914	162	-	3,644
Deposits with licensed banks	24	1.56%	28,941	-	-	-	28,941
At 30 June 2021							
Loans and borrowings	28	3.82%	92	97	321	899	1,409
Lease liability	29	6.99%	5,061	1,572	795	-	7,428
Deposits with licensed banks	24	1.57%	27,612	-	-	-	27,612

34. Financial instruments (contd.)

(b) Interest rate risk (contd.)

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
Company							
At 30 June 2022							
Deposits with licensed banks	24	1.56%	986	-	-	-	986
At 30 June 2021							
Deposits with licensed banks	24	-	-	-	-	-	-

34. Financial instruments (contd.)

(c) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar ("USD"). The Group's exposure of sensitivity of other foreign currencies risk is insignificant. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency is as follows:

	USD RM'000
Group	
At 30 June 2022	
Financial assets	
Trade receivables	123
Cash and bank balances	1,983
	2,106
Financial liabilities	
Trade payables	(28)
Other payables and accruals	(22)
	(50)
Net financial assets	2,056
At 30 June 2021	
Financial assets	
Trade receivables	11
Cash and bank balances	1,288
	1,299
Financial liabilities	
Trade payables	(43)
Other payables and accruals	(39)
	(82)
Net financial assets	1,217

34. Financial instruments (contd.)

(c) Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the foreign currency exchange rates against the functional currencies of the Group entities, with all other variables held constant.

		Group	
		2022 RM'000 Increase/ (decrease) in profit before tax	2021 RM'000 Increase/ (decrease) in profit before tax
USD/RM	- strengthened 5%	103	61
	- weakened 5%	(103)	(61)

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

34. Financial instruments (contd.)

(d) Liquidity risk (contd.)

	On demand within 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
30 June 2022				
Loans and borrowings	157	471	993	1,621
Lease liabilities	2,700	1,112	-	3,812
Trade and other payables	53,673	-	-	53,673
Total undiscounted financial liabilities	56,530	1,583	993	59,106
30 June 2021				
Loans and borrowings	157	628	1,011	1,796
Lease liabilities	5,356	2,484	-	7,840
Trade and other payables	65,793	-	-	65,793
Total undiscounted financial liabilities	71,306	3,112	1,011	75,429
Company				
30 June 2022				
Other payables and accruals, representing total undiscounted financial liabilities	34,117	-	-	34,117
30 June 2021				
Other payables and accruals, representing total undiscounted financial liabilities	41,916	-	-	41,916

The Company has also provided certain corporate guarantees as disclosed in Note 32.

34. Financial instruments (contd.)

(e) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables and contract assets. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. The group has assessed that the credit risk from these financial instruments are low.

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of the trade receivables and contract assets as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Expected credit losses are estimated by management based on prior experience and the current economic environment.

Further details on credit risk exposure from trade receivable and contract asset is disclosed in Note 21 and Note 22, respectively.

<u>Exposure to credit risk</u>

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets (net of impairment) as at the end of the reporting date.

<u>Credit risk concentration profile</u>

The Group's major concentration of credit risk relates to the amounts owing by two (2021: two) customers which constituted approximately 76% (2021: 79%) of its trade receivables at the end of the reporting date.

34. Financial instruments (contd.)

(f) Fair values

The following table shows an analysis of the class of asset measured at fair value at the reporting date:

	Fair value measurements at the reporting date using	
	Level 1 RM'000	**Level 3 RM'000**
Group		
<u>2022</u>		
Financial asset at FVTOCI		
Other investments (Note 18)	38,360	-
Financial asset at FVTPL		
Short term investment (Note 23)	50,007	-
Investment properties (Note 13)	-	1,180
<u>2021</u>		
Financial asset at FVTOCI		
Other investments (Note 18)	24,455	-
Financial asset at FVTPL		
Short term investment (Note 23)	50,002	-
Investment properties (Note 13)	-	1,180

<u>Determination of fair value</u>

Other investments and short term investment relate to quoted equity instruments in Malaysia, where the fair values of the investment are determined using market observable inputs.

There are no liabilities measured at fair value.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Cash and bank balances	24
Loans and borrowings	28
Trade and other payables	30

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

34. Financial instruments (contd.)

(f) Fair values (contd.)

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

35. Capital management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants, if any. The debt-to-equity ratio is calculated as total net borrowings from financial institutions divided by total equity.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and bank balances exceeded the total borrowings from financial institutions.

36. Segment information

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

While the operating results are monitored based on the respective segments (ie. telecommunications services, MTNS and industry digital services), the statement of financial position is monitored as a whole by the Group Executive Committee. The Group operates mainly in Malaysia and therefore no geographical segmental information is presented.

	External RM'000	Inter-segment RM'000	Total RM'000
Revenue			
2022			
Telecommunications services	73,667	3,016	76,683
Managed telecommunications network services	80,052	64,274	144,326
Industry digital services	4,323	732	5,055
Inter-segment elimination	-	(68,022)	(68,022)
	158,042	-	158,042
2021			
Telecommunications services	73,202	3,145	76,347
Managed telecommunications network services	98,215	85,482	183,697
Industry digital services	3,256	846	4,102
Inter-segment elimination	-	(89,473)	(89,473)
	174,673	-	174,673

36. Segment information (contd.)

	2022 RM'000	2021 RM'000
Results		
Telecommunications services	30,259	31,084
Managed telecommunications network services	31,378	16,862
Industry digital services	(4,288)	(2,580)
	57,349	45,366
Indirect corporate expenses	(1,742)	(3,720)
Profit from operations	55,607	41,646
Investment related income	5,466	1,301
Investment related expenses	(3,526)	(8)
Finance costs	(1,079)	(997)
Profit before tax	56,468	41,942
Taxation	(15,992)	(13,400)
Profit after tax	40,476	28,542

Major customers

Revenue from two (2021: two) major customers amounted to RM61,052,000 and RM32,826,000 (2021: RM82,753,000 and RM29,851,000) respectively, arising from managed telecommunications network services and telecommunications services segments.

37. Dividend

	2022 RM'000	2021 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
Interim tax exempt (single-tier) dividend 2022: 1.8 sen (2021: 1.8 sen) per share	13,913	13,913

On 23 August 2022, the Directors declared an interim dividend of 1.8 sen per ordinary share in respect of the financial year ended 30 June 2022 payable on 22 November 2022. The financial statements for the current financial year does not reflect this dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

INDEPENDENT AUDITORS' REPORT

To the members of REDtone Digital Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of REDtone Digital Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 152.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and their cash flows for the 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 audit opinion.

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT

To the members of REDtone Digital Berhad (Incorporated in Malaysia)
(CONT'D)

Report on the audit of the financial statements (contd.)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below,

<u>Revenue recognition</u>

(a) Revenue recognition on telecommunication services

Refer to Note 2.4.20(i) – Revenue Recognition (Telecommunication Services Revenue) and Note 3 – Revenue.

Revenue from telecommunication services recognised by the Group during the year amounted to RM40,841,000 representing 26% of the total revenue of the Group. The Group relies on complex information technology systems in accounting for its telecommunication revenue. Such information systems process large volumes of data, which consist of individually low value transactions.

The above factors give rise to a higher risk of material misstatement in the timing and amount of the recognition of revenue from telecommunication services. Accordingly, we identified this as an area of focus.

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Revenue recognition (contd.)

(a) Revenue recognition for telecommunication services (contd.)

Our audit sought to place a high level of reliance on the Group's information technology systems and key controls that management relies on in recording telecommunication revenue, where we:

- Involved our information technology specialists to test the operating effectiveness of the automated controls over the billing system. We also tested the accuracy of the data interface between the billing system and the general ledger;
- Tested the effectiveness of the non-automated controls to ensure the accuracy of revenue recognised, including timely updating of approved rate changes to the billing system;
- Evaluated management's estimate of unbilled revenue by comparing such amount to the billings raised subsequent to the reporting period;
- Performed a three-way correlation between receivables, revenue and cash and bank balances using data analytics; and
- Performed cut-off procedures to determine if revenue is recorded in the correct accounting period.

INDEPENDENT AUDITORS' REPORT

To the members of REDtone Digital Berhad (Incorporated in Malaysia)
(CONT'D)

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Revenue recognition

(b) *Revenue recognition from Managed Telecommunications Network Services ("MTNS") - Construction and maintenance and support services of telecommunication infrastructure and Universal Service Provision ("USP") sites*

Refer to Note 2.4.20(ii) – Revenue Recognition (Managed Telecommunications Network Services - Construction and maintenance and support services of telecommunication infrastructure and Universal Service Provision ("USP") sites) and Note 3 - Revenue.

The Group is involved in a number of significant long term construction and maintenance and support services for telecommunication infrastructure and USP sites which span more than one accounting period. Revenues from these long term contracts amounting to RM12,404,000 for construction of telecommunication infrastructure and RM67,648,000 for maintenance and support services, representing 8% and 43% respectively of the Group's revenue are included in Managed Telecommunications Network Service revenue.

The Group recognises revenue for construction of telecommunication infrastructure over time and uses the input method in measuring progress towards complete satisfaction of the performance obligation. For maintenance and support services revenue, they are recognised over the contractual period or performance of the maintenance and support services.

We focused on this area because of the significance of the total revenue recognised during the year and for construction of telecommunication infrastructure revenue, it involves management judgement and estimates, particularly in the determination of the stage of completion and total estimated contract costs (which forms part of the computation of percentage of completion).

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

(b) Revenue recognition from Managed Telecommunications Network Services ("MTNS") - Construction and maintenance and support services of telecommunication infrastructure and Universal Service Provision ("USP") sites (contd.)

In addressing this area of focus:

- We read the contracts to obtain an understanding of the specific terms and conditions;

- We obtained an understanding of the Group's internal controls over the accuracy and timing of revenue recognition;

- For maintenance revenue, we recomputed the revenue recognised based on the contractual period and reviewed performance of the maintenance and support services to evidence such as acknowledgement by customer;

- For construction contracts, we discussed the progress of projects with project leaders and corroborated the information gathered from these discussions with letters of award and User Acceptance Forms acknowledged by customers; and

- We reviewed and recomputed the progress towards complete satisfaction of the performance obligation using the input method, including tracing of the actual costs incurred to date to sub-contractors' claims and invoices.

INDEPENDENT AUDITORS' REPORT

To the members of REDtone Digital Berhad (Incorporated in Malaysia)
(CONT'D)

Report on the audit of the financial statements (contd.)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we will 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 identified above when it becomes available 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

Report on the audit of the financial statements (contd.)

Responsibilities of the directors for the financial statements (contd.)

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 have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT

To the members of REDtone Digital Berhad (Incorporated in Malaysia)
(CONT'D)

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

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: (contd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- 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.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

Other matters

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Chong Tse Heng
No. 03179/05/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
7 October 2022

LIST OF PROPERTIES

As at 30 June 2022

Beneficial Owner/ Location	Description/ Existing Use	Land/ Built-Up Area (sq. meters)	Tenure Leasehold/ Freehold	Approx. Age of Building (Yrs)	Carrying Amount as at 30 June 2022 (RM'000)	Date of Valuation/ Effective Year of Purchase
REDtone Telecommunications Sdn Bhd ("RTC")/ Unit No: T18/6F/BC6A (12), Storey: 6th, Plaza KLH Business Centre comprised in HS(M) 24969 PT 35937, Mukim and District of Petaling, State of Selangor	Office/ Vacant	N/A/ 89.37 square meters	Leasehold 99 years expiring on 22.11.2094	24	79	N/A/ 10 Feb 1999
RTC/ Unit No: T19/6F/BC6B (13), Storey: 6th, Plaza KLH Business Centre comprised in HS(M) 24969 PT 35937, Mukim and District of Petaling, State of Selangor	Office/ Vacant	N/A/ 93.92 square meters	Leasehold 99 years expiring on 22.11.2094	24	83	N/A/ 10 Feb 1999
RTC/ Unit No: T27/6F/BC6C (14), Storey: 6th, Plaza KLH Business Centre comprised in HS(M) 24969 PT 35937, Mukim and District of Petaling, State of Selangor	Office/ Vacant	N/A/ 113.90 square meters	Leasehold 99 years expiring on 22.11.2094	24	101	N/A/ 10 Feb 1999
RTC/ Unit No: T32/6F/BC7A (16), Storey: 6th, Plaza KLH Business Centre comprised in HS(M) 24969 PT 35937, Mukim and District of Petaling, State of Selangor	Office/ Vacant	N/A/ 116.78 square meters	Leasehold 99 years expiring on 22.11.2094	24	103	N/A/ 10 Feb 1999
RTC/ Unit No: 26 Storey: 2nd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Tenanted	N/A/ 136.10 square meters	Freehold	25	590	30 Jun 2022/ 1 Mar 2005
RTC/ Unit No: 27 Storey: 2nd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 321.63 square meters	Freehold	25	863	30 Apr 2009/ 1 Mar 2005

LIST OF PROPERTIES
As at 30 June 2022
(CONT'D)

Beneficial Owner/ Location	Description/ Existing Use	Land/ Built-Up Area (sq. meters)	Tenure Leasehold/ Freehold	Approx. Age of Building (Yrs)	Carrying Amount as at 30 June 2022 (RM'000)	Date of Valuation/ Effective Year of Purchase
RTC/ Unit No: 26 Storey: 3rd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Tenanted	N/A/ 136.29 square meters	Freehold	25	590	30 Jun 2022/ 16 Feb 2009
RTC/ Unit No: 27 Storey: 3rd, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 321.63 square meters	Freehold	25	639	N/A/ 16 Feb 2009
RTC/ Unit No: 23 Storey: 4th, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 119.66 square meters	Freehold	25	167	N/A/ 28 Mar 2005
RTC/ Unit No: 24 Storey: 4th, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 145.49 square meters	Freehold	25	210	N/A/ 21 Jun 2005
RTC/ Unit No: 24, 25, 26, 27, 28, 29 & 30 Storey: 5th, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 1,143 square meters	Freehold	25	1,474	N/A/ 29 Mar 2004
RTC/ Unit No: 28 Storey: 6th, Pusat Perdagangan IOI Bandar Puchong Jaya, Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 142.14 square meters	Freehold	25	531	31 Mar 2018/ 7 July 2005

ANALYSIS OF SHAREHOLDINGS

As at 30 September 2022

Total Number of Issued Shares	:	772,951,885 (excluding 9,502,000 Treasury Shares)
Class of Shares	:	Ordinary Shares
Voting rights	:	One (1) vote per ordinary share

Size of shareholdings	No. of Shareholders	% of Total Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	246	4.0789	7,847	0.001
100 – 1,000 shares	643	10.6616	339,432	0.044
1,001 – 10,000 shares	2,774	45.9957	16,239,234	2.101
10,001 – 100,000 shares	1,994	33.0625	68,366,464	8.845
100,001 – less than 5% of issued shares	370	6.1350	302,998,908	39.200
5% and above of issued shares	4	0.0663	385,000,000	49.809
TOTAL	6,031	100.000	772,951,885 #	100.000

excluded 9,502,000 shares bought back and retained as Treasury Shares

DIRECTORS' SHAREHOLDINGS

		No. of Shares Held			
No.	Name	Direct	%	Indirect	%
1	YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	–	–	–	–
2	Kua Choo Kai	–	–	–	–
3	Lau Bik Soon	2,810,360	0.36	–	–
4	Dato' Mohd Zaini Bin Hassan	20,000	#	–	–
5	Dato' Avinderjit Singh A/L Harjit Singh	–	–	–	–
6	Loh Paik Yoong	–	–	–	–
7	Dato' Sri Badrul Hisham Bin Abdul Aziz	–	–	–	–

Notes:

negligible

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

		No. of Shares Held			
No.	Name	Direct	%	Indirect	%
1	Juara Sejati Sdn Bhd	336,032,692	43.47	30,832,000 (1)	3.99
2	Berjaya Group Berhad	–	–	366,864,692 (2)	47.46
3	Berjaya Corporation Berhad	–	–	366,864,692 (3)	47.46
4	Tan Sri Dato' Seri Vincent Tan Chee Yioun	–	–	366,864,692 (4)	47.46
5	DYMM Sultan Ibrahim Johor	134,000,000	17.34	–	–

Notes:

1. Deemed interested by virtue of its interests in Berjaya Land Berhad, which has indirect interests in Berjaya Philippines Inc., and Berjaya Capital Berhad, which has direct interests in Prime Credit Leasing Berhad.
2. Deemed interested by virtue of its interests in Juara Sejati Sdn Bhd.
3. Deemed interested by virtue of its interests in Berjaya Group Berhad.
4. Deemed interested by virtue of his interests in Berjaya Corporation Berhad.

ANALYSIS OF SHAREHOLDINGS

As at 30 September 2022
(CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
1	**RHB NOMINEES (TEMPATAN) SDN BHD** OSK CAPITAL SDN BHD FOR JUARA SEJATI SDN BHD	137,000,000	17.72
2	**DYMM SULTAN IBRAHIM JOHOR**	134,000,000	17.34
3	**AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.** PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	67,000,000	8.67
4	**SJ SEC NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT - AL RAJHI BANK FOR JUARA SEJATI SDN BHD ACC 2	47,000,000	6.08
5	**JUARA SEJATI SDN BHD**	37,000,000	4.79
6	**INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD** BERJAYA PHILIPPINES INC	25,432,000	3.29
7	**INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN.BHD.** EXEMPT AN FOR INTER-PACIFIC ASSET MANAGEMENT SDN BHD	23,000,000	2.98
8	**RHB NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	18,000,000	2.33
9	**MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	17,632,692	2.28
10	**DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD** DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	14,078,100	1.82
11	**HSBC NOMINEES (TEMPATAN) SDN BHD** HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND	12,442,100	1.61
12	**BBL NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	12,400,000	1.60
13	**PRIME CREDIT LEASING BERHAD**	5,400,000	0.70
14	**CARTABAN NOMINEES (TEMPATAN) SDN BHD** PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	4,591,600	0.59
15	**DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD** DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS GROWTH FUND	3,832,000	0.50

ANALYSIS OF SHAREHOLDINGS

As at 30 September 2022

(CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital
16	**LIM GAIK BWAY @ LIM CHIEW AH**	3,248,900	0.42
17	**SHUM THIN SOON**	3,000,000	0.39
18	**LAU BIK SOON**	2,810,360	0.36
19	**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD** KAF CORE INCOME FUND	2,650,000	0.34
20	**HSBC NOMINEES (TEMPATAN) SDN BHD** HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT DIVIDEND FUND	2,619,500	0.34
21	**TIEW MING CHING**	2,382,341	0.31
22	**NG HUI NOOI**	2,200,080	0.29
23	**CHOO YEH FUNG**	1,900,000	0.25
24	**CHEAH CHIN CHUAN**	1,878,500	0.24
25	**CGS-CIMB NOMINEES (ASING) SDN BHD** EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,730,000	0.22
26	**MAYBANK NOMINEES (TEMPATAN) SDN BHD** YAW CHEE HOU	1,712,500	0.22
27	**HAR CHEE HOONG**	1,600,000	0.21
28	**DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD** DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSDYNAMIC FUND	1,500,000	0.19
29	**WONG KAH KAN**	1,424,400	0.18
30	**ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD** PLEDGED SECURITIES ACCOUNT FOR NG WEE MIAN	1,346,000	0.17
		590,811,073	76.43

FORM OF PROXY

(before completing this Form of Proxy, please refer to the notes below)

REDtone

REDTONE DIGITAL BERHAD
[Registration No. 200201028701 (596364-U)]
(Incorporated in Malaysia)

* I/We:

Full name (in block capitals):	CDS account no.:	No. of shares held:
Address:	NRIC/Passport/Registration no.:	
Contact no.:	Email address:	

being a *member/members of REDTONE DIGITAL BERHAD ("**Company**"), do hereby appoint:

First Proxy "A"

Full name (in block capitals):	NRIC/Passport no.:	Proportion of shareholdings	
		No. of shares	%
Address:	Email:		
	Contact no.:		

* AND/ OR

*** Second Proxy "B"**

Full name (in block capitals):	NRIC/Passport no.:	Proportion of shareholdings	
		No. of shares	%
Address:	Email:		
	Contact 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 Twentieth Annual General Meeting of the Company to be conducted on a virtual basis from the broadcast venue at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan ("**Broadcast Venue**") on Thursday, 1 December 2022 at 10:00 a.m. and at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Approval of the payment of Directors' fees for an aggregate amount of up to RM1,200,000 payable to the Non-Executive Directors of the Company on a monthly basis from 2 December 2022 until the next Annual General Meeting of the Company to be held in year 2023.		
2.	Approval of the payment of Directors' benefits for an amount of up to RM130,000 payable to the Directors of the Company from 2 December 2022 until the next Annual General Meeting of the Company to be held in year 2023.		
3.	Re-election of Dato' Mohd Zaini Bin Hassan as a Director of the Company.		
4.	Re-election of Dato' Avinderjit Singh A/L Harjit Singh as a Director of the Company.		
5.	Re-election of Mr. Kua Choo Kai as a Director of the Company.		
6.	Re-election of Dato' Sri Badrul Hisham Bin Abdul Aziz as a Director of the Company.		
7.	Re-appointment of Messrs. Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
8.	Retention of Dato' Mohd Zaini Bin Hassan as an Independent Non-Executive Director of the Company.		
9.	Authority to issue shares pursuant to the Companies Act 2016.		
10.	Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun.		
11.	Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is also a major shareholder.		
12.	Proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with persons connected with Datuk Mohd Taib Bin Hassan.		

Please indicate with an "X" in the spaces above on how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.

* strike out whichever not applicable

....
* Signature of Member/Common Seal

Signed this .... day of 2022

Notes:

1. As no shareholders should be physically present at the Broadcast Venue, all shareholders are urged to attend the Meeting remotely using the Remote Participation and Voting ("**RPEV**") facilities which are available on Berjaya Registration Services Sdn. Bhd.'s e-Portal at https://www.berjayaregistration.com.my ("**BReg e-Portal**"). For further details and guidelines on RPEV facilities, please refer to the Administrative Notes.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 24 November 2022 shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.

Notes: (Cont'd)

3. A member entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to attend, participate, speak and vote at the Meeting.

4. The members or their proxies may communicate via real time submission of typed texts through a text box within BReg e-Portal during live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in the primary mode of communication, shareholders and proxies may email their questions to shareg@berjayareg.com.my during the Meeting.

5. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint more than one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

8. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company at 09-27, Level 9, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan, or submit the Form of Proxy electronically via BReg e-Portal not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the Meeting should you subsequently decide to do so.

9. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. Independent Scrutineers will be appointed to validate the results of the poll.

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AFFIX
STAMP

Share Registrar
REDTONE DIGITAL BERHAD
[Registration No. 200201028701 (596364-U)]
09-27 Level 9,
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur,
Wilayah Persekutuan

2nd Fold Here

Fold This Flap For Sealing

REDtone Digital Berhad 200201028701 (596364-U)
Suites 22-30, 5th Floor, IOI Business Park, 47100 Puchong, Selangor, Malaysia.

T : +603 8084 8888   W : www.redtone.com

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