

# REDtone

## DIGITAL BERHAD

Registration No. 200201028701 (596364-U)



# 2023

## ANNUAL REPORT

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-First Annual General Meeting of **REDtone Digital Berhad** ("**Company**") will be conducted on a virtual basis hosted on Securities Services e-Portal at <https://sshsb.net.my/> at the broadcast venue at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan on Monday, 4 December 2023 at 10:00 a.m. for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS

- |    |  |  |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and the Auditors thereon.   | <b>Please refer to Explanatory Note (i)</b>                  |
| 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 5 December 2023 until the next Annual General Meeting of the Company to be held in year 2024.       | <b>Ordinary Resolution 1</b>                                 |
| 3. | To approve the payment of Directors' benefits for an amount of up to RM130,000 payable to the Directors of the Company from 5 December 2023 until the next Annual General Meeting of the Company to be held in year 2024.  | <b>Ordinary Resolution 2</b>                                 |
| 4. | To re-elect the following Directors who retire in accordance with Clause 117 of the Company's Constitution and being eligible, have offered themselves for re-election:-<br><br>(i) Y.A.M. Tunku Tun Aminah Binti Sultan Ibrahim Ismail; and<br>(ii) Ms. Loh Paik Yoong. | <b>Ordinary Resolution 3</b><br><b>Ordinary Resolution 4</b> |
| 5. | To re-appoint Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.   | <b>Ordinary Resolution 5</b>                                 |

### AS SPECIAL BUSINESS

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

- |    |   |                              |
|----|---|------------------------------|
| 6. | <b>Ordinary Resolution</b><br><b>Retention of Dato' Avinderjit Singh A/L Harjit Singh as an Independent Non-Executive Director of the Company</b><br><br>"THAT Dato' Avinderjit Singh A/L Harjit Singh 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."   | <b>Ordinary Resolution 6</b> |
| 7. | <b>Ordinary Resolution</b><br><b>Authority to Issue Shares pursuant to the Companies Act 2016</b><br><br>"THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main 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; | <b>Ordinary Resolution 7</b> |

## Notice of Annual General Meeting

(Cont'd)

**7. Ordinary Resolution****Authority to Issue Shares pursuant to the Companies Act 2016 (Cont'd)****Ordinary Resolution 7  
(Cont'd)**

**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."

**8. Ordinary Resolution****Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Berjaya Corporation Berhad****Ordinary Resolution 8**

**"THAT** subject to the provisions of the Main 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 Berjaya Corporation Berhad as specified in Section 2.3 of the Circular to Shareholders dated 23 October 2023 ("**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."



## Notice of Annual General Meeting

(Cont'd)

### 9. Ordinary Resolution

**Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Persons Connected with Berjaya Corporation Berhad and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is a major shareholder**

### Ordinary Resolution 9

**"THAT** subject to the provisions of the Main 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 Berjaya Corporation Berhad and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is a major shareholder as specified in Section 2.3 of the Circular to Shareholders dated 23 October 2023 ("**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."

10. 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: 23 October 2023

## Notice of Annual General Meeting

(Cont'd)

### NOTES:

1. The Meeting will be conducted on a virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at <https://sshsb.net.my>.

Please read carefully and follow the procedures provided in the Administrative Notes in order to register, participate and vote remotely via the RPV facilities.

2. With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the Meeting.

The members, proxies and/or corporate representatives may communicate via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Meeting.

3. In respect of deposited securities, only members whose names appear in the Record of Depositors on 27 November 2023 shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.
4. 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.
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 SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan OR alternatively, submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshsb.net.my/> 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 at the Meeting should you subsequently decide to do so. Please follow the procedures provided in the Administrative Notes for the Twenty-First AGM for further details.
9. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice will be put to vote by way of poll. Independent Scrutineers will be appointed to validate the results of the poll.

# Notice of Annual General Meeting

(Cont'd)

## Explanatory Notes to Ordinary and Special Business

### (i) Audited Financial Statements for the financial year ended 30 June 2023

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 Twenty-First 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 5 December 2023 until the next AGM of the Company to be held in year 2024.
- 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 5 December 2023 until the next AGM of the Company to be held in year 2024.

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) Re-election of Directors

Y.A.M. Tunku Tun Aminah Binti Sultan Ibrahim Ismail and Ms. Loh Paik Yoong, who retire in accordance with Clause 117 of the Company's Constitution and being eligible, have offered themselves for re-election at the forthcoming Twenty-First AGM.

The retiring Directors had provided the fit and proper declarations and the Board of Directors had through the Nomination Committee ("NC"), carried out the assessment on the retiring Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors, and are eligible to stand for re-election.

The retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board of Directors' meeting.

The profiles of the retiring Directors are set out in the Annual Report in respect of the financial year ended 30 June 2023.

### (iv) Re-appointment of Auditors

The Audit Committee had assessed the suitability and independence of the External Auditors and recommended the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 30 June 2024 at the Twenty-First AGM of the Company.

The Board of Directors, at the recommendation of the Audit Committee, endorsed the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 30 June 2024, to be presented to the shareholders for approval.

### (v) Retention of Independent Non-Executive Director

Ordinary Resolution 6 is to seek approval from the shareholders for Dato' Avinderjit Singh A/L Harjit Singh to continue in office as an Independent Non-Executive Director of the Company. Dato' Avinderjit Singh A/L Harjit Singh was appointed as an Independent Non-Executive Director of the Company on 19 February 2014. Therefore, Dato' Avinderjit Singh A/L Harjit Singh has served the Board in that capacity for a cumulative of more than nine (9) years.

The Board, through the NC, recommends that approval of the shareholders be sought through a two-tier voting process as described in the Malaysian Code on Corporate Governance 2021 to retain Dato' Avinderjit Singh A/L Harjit Singh 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 Main 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; and

## Notice of Annual General Meeting

(Cont'd)

### Explanatory Notes to Ordinary and Special Business (Cont'd)

#### (v) Retention of Independent Non-Executive Director (Cont'd)

- (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.

Dato' Mohd Zaini Bin Hassan was appointed as an Independent Non-Executive Director of the Company on 23 April 2012, and was retained to continue to serve as an Independent Non-Executive Director at the Twentieth AGM of the Company held on 1 December 2022 until the conclusion of the forthcoming Twenty-First AGM.

Dato' Mohd Zaini Bin Hassan has indicated his intention to retire as an Independent Non-Executive Director of the Company at the Twenty-First AGM of the Company. Hence, Dato' Mohd Zaini Bin Hassan shall hold office as an Independent Non-Executive Director until the conclusion of the Twenty-First AGM.

#### (vi) Authority to Issue Shares

The proposed Ordinary Resolution 7 is intended to renew the authority granted to the Directors of the Company at the Twentieth AGM of the Company held on 1 December 2022 ("**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 7, 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 7, 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 the 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.

#### (vii) Proposed Renewal of and New Shareholders' Mandates

The proposed Ordinary Resolutions 8 and 9, 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 23 October 2023.

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 23 October 2023.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

### 1. **Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)**

No individual is standing for election as a Director of the Company at the Twenty-First Annual General Meeting of the Company.

### 2. **A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The details on the authority to issue and allot shares in the Company pursuant to the Companies Act 2016 are set out in Explanatory Note (vi) of the Notice of the Twenty-First Annual General Meeting of the Company.



## 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, 5<sup>th</sup> Floor, IOI Business Park  
47100 Puchong, Selangor Darul Ehsan  
Telephone no. : 03-8084 8888  
Website : [www.redtone.com](http://www.redtone.com)  
Email : [support@redtone.com](mailto: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  
Email : [info@sshsb.com.my](mailto:info@sshsb.com.my)

### 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  
Email : [shareg@berjayareg.com.my](mailto:shareg@berjayareg.com.my)

### Principal Banker

**Bank Islam Malaysia Berhad**  
**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

**Main Market of**  
**Bursa Malaysia Securities Berhad**  
Stock Name : **REDTONE**  
Stock Code : **0032**

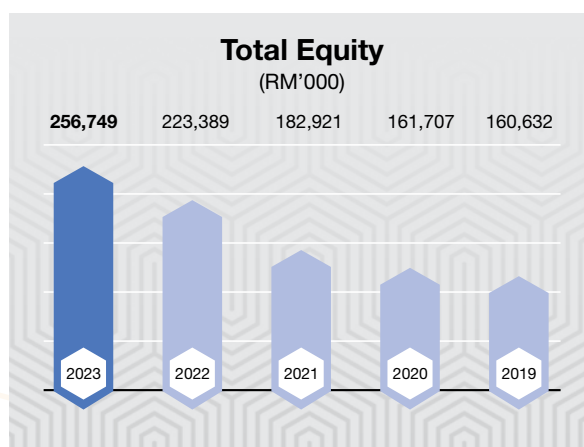
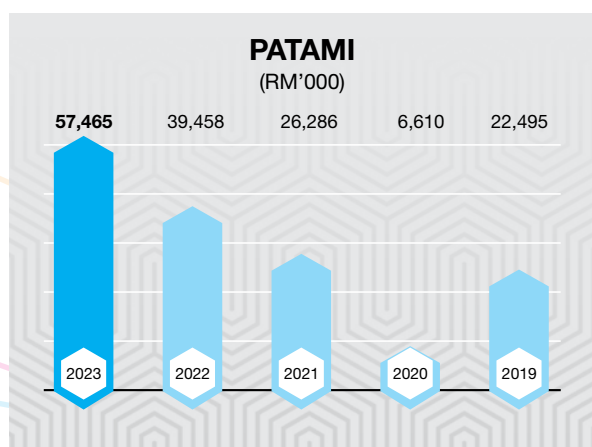
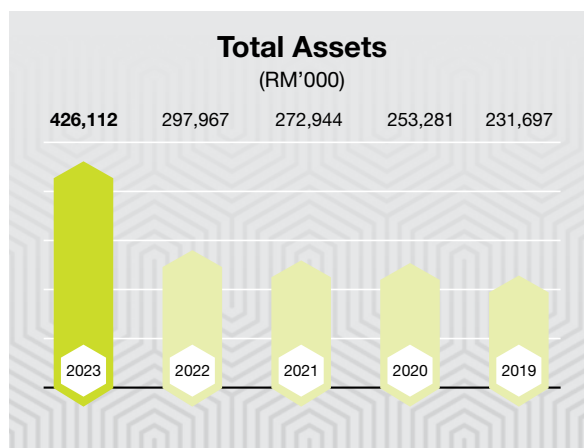
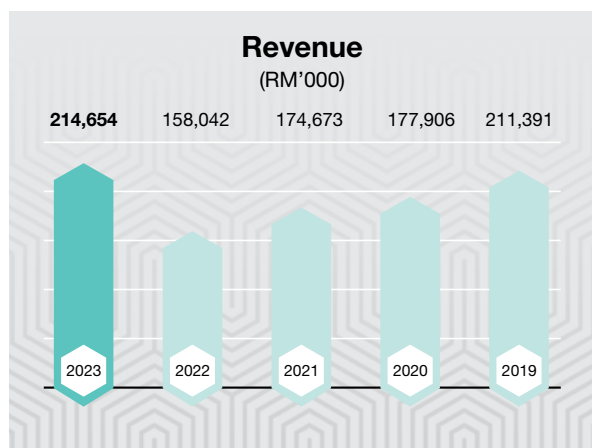
# CORPORATE STRUCTURE

As at 23 October 2023



## GROUP FINANCIAL SUMMARY

	12 months FY 2023 30 Jun 23	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 Jun 19
<b>Financial Results (RM'000)</b>					
Revenue	214,654	158,042	174,673	177,906	211,391
Profit Before Tax	74,993	56,468	42,071	19,691	33,607
Profit After Tax	55,179	40,476	28,671	8,717	21,990
Profit Attributable To Shareholders ("PATAMI")	57,465	39,458	26,286	6,610	22,495
<b>Financial Positions (RM'000)</b>					
Total Assets	426,112	297,967	272,944	253,281	231,697
Total Current Liabilities	138,393	72,289	86,339	84,764	69,522
Total Non-Current Liabilities	30,970	2,289	3,684	6,810	1,543
Total Equity	256,749	223,389	182,921	161,707	160,632
<b>Financial Ratios</b>					
Net Assets Per Share (Sen)	32.83	28.22	23.11	20.74	21.54
Net Earnings Per Share (Sen)	7.43	5.10	3.40	0.86	2.91



## BOARD OF DIRECTORS' PROFILE



**YAM Tunku Tun Aminah  
Binti Sultan Ibrahim Ismail**

Chairman/ Non-Independent  
Non-Executive Director



**YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail** was appointed to the Board of Directors of the Company on 3 March 2017. Her Royal Highness 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 organisations across a broad range of industries. Currently, Her Royal Highness is also the Chairperson of Berjaya Corporation Berhad, Berjaya Assets Berhad, Berjaya Capital Berhad, Berjaya Waterfront Sdn. Bhd. and Berjaya Rail Sdn. Bhd., and holds the KFC franchise in Stulang Laut, Johor Bahru.

YAM Tunku Tun Aminah attended all 5 Board Meetings held during the financial year ended 30 June 2023.



**Lau Bik Soon**

Group Chief Executive Officer



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

Mr. Lau has always been a vocal advocate of business transformation, and his acumen for driving business growth is undeniable. He guided the Company through a remarkable transformation from a discounted call provider to an integrated telecommunications service provider. Today, he continues to play a significant role in driving REDtone's success as it expands its offerings across the areas of Telecommunications, Managed Telco Network Services, Cloud and Internet of Things (IoT).

His tenure as Group CEO has been marked by impressive achievements, including notable recognition at The Edge Malaysia Centurion Club & Corporate Awards 2022 where REDtone received 2 awards, namely for the "Highest Growth In Profit After Tax Over 3 Years" and "Highest Return On Equity Over 3 Years" categories in the joint sector of Telecommunications, Media & Utilities. These accolades exemplify the Company's resilience, strong foundation and ability to deliver exceptional results amidst a challenging business environment under his leadership.

With more than 30 years of experience in the information and communication technology and telecommunications industry, Mr. Lau's illustrious career includes key positions with international organisations such as Cisco Systems, Sun Microsystems, Compaq Computer, TQC Consultant (IT Division) Sdn. Bhd. and Motorola. Prior to joining REDtone, he served as the Country Manager for Hitachi Data Systems Malaysia.

Throughout his corporate journey, he has garnered numerous sales management excellence awards, which further underscores his exceptional capabilities. Mr. Lau has been bestowed the 2023 Vistage Singapore & Malaysia "Lifetime Achievement Award" and 2014 Asia Pacific Entrepreneurship Award, which are both prestigious regional honours.

He attended all 5 Board Meetings held during the financial year ended 30 June 2023.

Mr. Lau does not hold any other directorship in any other public companies or public listed companies.

## Board of Directors' Profile

(Cont'd)



**Kua Choo Kai**

Independent Non-Executive Director



**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 is also a member of the Association of Nutritional Medicine Practitioners, Malaysia and was a Certified Information Systems Auditor (CISA) of the Information System Audit and Control Association from 2001 to 2020.

Mr. Simon began his career with 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 service 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 multinational corporations.

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

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

He attended all 5 Board Meetings held during the financial year ended 30 June 2023.



## Board of Directors' Profile

(Cont'd)



**Dato' Mohd Zaini  
Bin Hassan**

Independent Non-Executive Director



**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 Utusan Melayu 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 non-governmental organisations (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 Bilion. 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 of the Company. He is also a member of the Audit Committee and Nomination Committee of the Company.

He attended all 5 Board Meetings held during the financial year ended 30 June 2023.



**Dato' Avinderjit Singh  
A/L Harjit Singh**

Independent Non-Executive Director



**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 29 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 unlisted 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, he was appointed to the Board of Trustees of Sultan Ibrahim Johor Foundation in July 2018. 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 5 Board Meetings held during the financial year ended 30 June 2023.

## Board of Directors' Profile

(Cont'd)



### Loh Paik Yoong

Non-Independent  
Non-Executive Director



**Ms. Loh Paik Yoong** was appointed to the Board of Directors of the Company on 9 February 2015. She obtained her professional qualification from The Malaysian Association of Certified Public Accountants (now known as The Malaysian Institute of Certified Public Accountants). She is a member of the Malaysian Institute of Accountants.

Having articulated 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 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 5 Board Meetings held during the financial year ended 30 June 2023.



### Dato' Sri Badrul Hisham Bin Abdul Aziz

Non-Independent  
Non-Executive Director



**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 (Hons) 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 is 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, Securelytics Sdn. Bhd. has won various awards and is recognised 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 more than RM500 million. He also sits on the boards of several other private limited companies.

He attended all 4 Board Meetings held during the financial year ended 30 June 2023 as he was appointed after the first Board Meeting for financial year ended 30 June 2023, 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.

**Age:** 65      **Gender:** Male      **Nationality:** Malaysian

**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, 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 40 years of working experience in the information and communication technology arena. He spent the last 29 years of his career in general management and program management in information technology outsourcing services, data centre services and business continuity services. His recent working experience involves technology areas in cloud computing, virtual/augmented/extended reality, 3D Modelling, OTT solutions for the Media & Entertainment Industry, and recently in Analytic/AI solutions for industrial based digital transformation services.

### Lau Hock Chye

Chief Financial Officer

**Age:** 57      **Gender:** Male      **Nationality:** Malaysian

**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 U Mobile 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 played 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 organisation, 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 directorship in public companies and public listed companies;
2. any family relationship with any directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any convictions for offences within the past 5 years other than traffic offences; and
5. 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 services provider for organisations. 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: -

- (a) Telecommunications Services (“**TS**”) – It offers data, voice and managed services to government, enterprises and Small and Medium Enterprises (“SME”). REDtone is among the very few 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. Amongst the products offered are Metro E, SIP Trunking and SiPhony and Cloud PBX.
- (b) Managed Telecommunications Network Services (“**MTNS**”) – This includes building, maintaining and operating large scale telco engineering projects, Wi-Fi hotspots, base stations and fiber optic infrastructure. Fixed Network Solutions, Equipment Installation, Commissioning & Integration and Radio Frequency (“RF”) Design & Network Optimisation are our telco engineering skills set.
- (c) Cloud and Internet of Things (“**Cloud & IOT**”) – It offers cloud services and applications, data centre and disaster recovery, and Internet of Things (“**IoT**”) for smart farming.

## REVENUE

For the financial year ended 30 June 2023 (“**FY 2023**”), the Group recorded a revenue of RM214.7 million, which was RM56.7 million or 35.9% higher against RM158.0 million revenue recorded in previous year corresponding period (“**FY 2022**”). The higher revenue was largely due to higher revenue contributed by the TS and MTNS segments.

The TS segment contributed positively for the financial year under review as most businesses were operating in full swing following the country’s transition to the endemic phase in 2022.

For FY 2023, the MTNS segment contributed 48.2% to the overall total revenue of the Group. The increase in MTNS revenue was mainly attributable by the Jendela Phase 1 (Part 2) (“**JENDELA**”) under the Universal Services Provision (“**USP**”) projects. The revenue from USP projects under the MTNS segment will, by nature fluctuate over its contract period.

## GENERAL AND ADMINISTRATIVE EXPENSES

The General and Administrative (“**G&A**”) expenses mainly comprises of staff costs, general and administrative expenses, depreciation and amortisation.

The Group’s G&A expenses for FY 2023 decreased by 7.1% or RM3.4 million to RM44.1 million as compared to RM47.5 million recorded in FY 2022. The decrease was mainly due to lower depreciation of property, plant and equipment and right-of-use assets.

## PROFIT BEFORE TAX

The Group posted a high profit before tax of RM75.0 million for the financial year under review, representing RM18.5 million or 32.7% improvement compared to RM56.5 million in FY 2022. The Group has continuously improved its profit before tax for the past three consecutive years, and the profit before tax for FY 2023 is by far the highest ever recorded for the Group. The significant growth was mainly contributed by the Group’s strong performance, continuous cost optimisation, coupled with a higher gain from fair value changes on certain financial assets.

## Management Discussion and Analysis

(Cont'd)

### LIQUIDITY AND FINANCIAL RESOURCES

The Group continues to strengthen its cash position which has allowed the Group to finance its operations by internally generated funds. The Group has minimal borrowings, which are mainly utilised to finance the purchase of properties.

As at 30 June 2023, the Group's cash and bank balances stood at RM117.0 million (FY 2022: RM78.3 million), which included deposits of RM28.5 million (FY 2022: RM28.0 million) that has been pledged to banks for facilities granted to certain subsidiary companies.

### DIVIDEND

The Group has paid out RM13.9 million on 22 November 2022 an interim tax exempt (single-tier) dividend of 1.8 sen per ordinary share for FY 2022.

To demonstrate the Group's commitment to continue to grow shareholder value and providing steady returns, the Board announced an interim tax exempt (single-tier) dividend of 2.5 sen per ordinary share on 24 August 2023 which was paid on 16 October 2023.

The payment of dividend is dependent on the Group's operating results, cash requirements for upcoming projects, financial conditions and other factors that the Board deems relevant. The Board is also mindful of the shareholders' expectation when making dividends decision.

### FUTURE PROSPECTS

The Malaysian economy is expected to grow in the near future, but the Group will remain optimistically cautious and aim to maintain its profitability by improving its operational efficiency and adopt measures to enhance its core business.

The Group expects the TS segment will be competitive due to the intense competition in the telecommunication industry. However, data services will remain the Group's main focus in recurring business.

With the deployment of the JENDELA project, the MTNS segment is expected to increase its revenue contribution to the Group.

The Group foresees that the business outlook for FY 2024 will remain challenging due to the volatilities and uncertainties of the market. However, the Group is confident that it will be able to adapt to the ever-changing business environment and will explore new opportunities to expand the Group's business.



# 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 services provider which offers an extensive range of services under three main categories:-

- i. Telecommunications Services (“**TS**”);
- ii. Managed Telecommunications Network Services (“**MTNS**”); and
- iii. Cloud and Internet of Things (“**Cloud & IOT**”).

REDtone’s vision is to serve and make a positive impact on communities and organisations by delivering reliable and cost effective telecommunications infrastructure and digital solutions 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.

The Board of Directors (“**Board**”) recognises the importance of continuously developing and improving the business operations of the Group in a sustainable and responsible manner. The Board believes that placing sustainability as the core of its business operations will drive the long-term business growth of the Group as well as establishing mutually favourable relationships with our stakeholders.

### 1.1 Reporting Period And Scope

This report covers the Group’s performance from 1 July 2022 to 30 June 2023, unless otherwise specified.

REDtone continues to focus on Economic, Environmental, Social and Governance (“**EESG**”) issues arising from its principal business activities in Malaysia. The overseas operations of REDtone are not included as we do not foresee significant EESG impacts.

### 1.2 Sustainability Governance

The Group has instituted a Sustainability Working Committee (“**SWC**”) chaired by the Group Chief Executive Officer for the implementation and monitoring of our sustainability agenda. SWC’s members are from senior management team and assisted by the business and group functional support units.

### 1.3 Reporting Guidelines And Principles

Bursa Malaysia’s Sustainability Reporting Guide  
United Nations Sustainable Development Goals (“**UNSDGs**”)

### 1.4 Reporting Approach

REDtone applied Global Reporting Initiative (“**GRI**”) reporting principles wherever relevant.

The Board is committed to continuously promote good sustainability practices while ensuring transparency throughout the Group.

REDtone strives for fairness, timeliness, clarity and reliability in communication, and believes that economic, environmental, social and governance factors are the core of a sustainable business. REDtone has always been mindful in ensuring the sustainability and operational success of the Group.

### 1.5 Feedback

REDtone is committed to continuously improve its reporting, and as it progresses on its sustainability journey, it welcomes stakeholders’ support and value the opportunity to connect and receive feedback from stakeholders for improvements. For feedback, queries or additional information on this report, please get in touch with us via <https://www.redtone.com/investor-relations/investor-relations-contact/>.

## Sustainability Statement

(Cont'd)

## 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 INTERACTION WITH STAKEHOLDERS

The Group recognises the importance of effective, transparent and accountability to its shareholders and other stakeholders, and meaningful engagements is critical to understand their interests and needs. We continually engage with our stakeholders via multiple communication platforms. Shareholders and stakeholders can also access the Company's website at [www.redtone.com](http://www.redtone.com) for latest information on the operations, financial performance and market information of the Company.

In addition, the Board will brief the shareholders at the Annual General Meeting ("AGM") on the business and operations of the Group and shareholders will be invited to raise questions concerning the business or financial statements. The Board also welcomes questions and feedback from shareholders during the AGM and ensures their questions are responded in a proper manner. The Group is committed to ensure that all material information released is accurate, concise, timely and in compliance with the various regulatory requirements that the Group is subjected to.

The summary of key engagements with the Group's customers, business partners, industries practitioners, investors and shareholders is set out in the table hereunder, which covers a list of key stakeholder groups, areas of focus and various methods of engagement.

Stakeholder Groups	Areas of Focus	Methods of Engagement
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>Compliance with rules and regulations</li> <li>Impact from operations</li> <li>Contributions to industry advancement and nation-building</li> </ul>	<ul style="list-style-type: none"> <li>Reports and compliance</li> <li>Meetings and industry dialogues</li> <li>Regular communication</li> <li>Events and seminars</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Data privacy</li> <li>Results announcement</li> <li>Transparent processes</li> <li>Product and service quality and delivery</li> <li>Customer experience and loyalty</li> </ul>	<ul style="list-style-type: none"> <li>Customers satisfaction survey</li> <li>Customer feedback/complaints channel by emails, phone-in and face to face meeting</li> <li>Exhibitions, seminars and courses</li> <li>Face to face technical and commercial meeting</li> <li>Regular visits</li> <li>Corporate website</li> <li>Social media</li> </ul>

## Sustainability Statement

(Cont'd)

### 3.0 INTERACTION WITH STAKEHOLDERS (Cont'd)

Stakeholder Groups	Areas of Focus	Methods of Engagement
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Equal opportunities</li> <li>• Diversity</li> <li>• Better working environment and career development</li> <li>• Workplace safety</li> <li>• Employee welfare</li> <li>• Benefits and rewards</li> <li>• Performance, future strategies and any important updates of the Group</li> </ul>	<ul style="list-style-type: none"> <li>• REDtone intranet</li> <li>• Internal Newsletter</li> <li>• Townhall meeting</li> <li>• Recreational activities, events and functions</li> <li>• Employee grievance system</li> <li>• Employee survey</li> <li>• Performance appraisal review</li> <li>• Social media</li> <li>• Internal hiring</li> <li>• Trainings</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Product and service quality</li> <li>• Efficient supply chain management</li> <li>• Opportunities for business collaboration</li> <li>• Business relationship and continuity</li> </ul>	<ul style="list-style-type: none"> <li>• Service delivery feedback</li> <li>• Collaboration, training and events</li> <li>• Meetings and discussions</li> </ul>
<b>Communities and non-governmental organisations</b>	<ul style="list-style-type: none"> <li>• Social and economic development</li> <li>• Local community supports</li> <li>• Long-term engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Community collaboration and consultation</li> <li>• Corporate Social Responsibility activities</li> <li>• Philanthropic activities</li> <li>• Events and roadshows</li> <li>• Charitable contributions</li> <li>• Student internships</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Sustainability matters</li> <li>• Company's performance</li> <li>• Compliance</li> <li>• News releases, updates and projections</li> </ul>	<ul style="list-style-type: none"> <li>• Media releases</li> <li>• Regular updates</li> <li>• Events and roadshows</li> <li>• Interviews</li> </ul>
<b>Investors, analysts and shareholders</b>	<ul style="list-style-type: none"> <li>• Business performance</li> <li>• Risk management</li> <li>• Updates and projection</li> </ul>	<ul style="list-style-type: none"> <li>• Analysts' meetings</li> <li>• Annual General Meetings</li> <li>• Regular updates and communication</li> <li>• Corporate website</li> <li>• Briefings and updates</li> </ul>

## Sustainability Statement

(Cont'd)

## 4.0 MANAGEMENT APPROACH

**ECONOMIC SUSTAINABILITY**

- Ensuring the interests of all stakeholders are taken care of
- Emphasize good corporate governance, accountability and transparency to achieve long-term shareholder value and confidence

**ENVIRONMENTAL SUSTAINABILITY**

- Committed to address challenges and opportunities where we conduct our businesses
- 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

**SOLUTIONS-ORIENTED SUSTAINABILITY**

At REDtone, we prioritise the following six (6) SDGs out of the 17 SDG Goals.

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

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.

## Sustainability Statement

(Cont'd)

### 5.0 MATERIALITY

REDtone identifies EESG impacts that greatly influences 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 prioritisation review is conducted annually by the SWG together with other business functions.

The Materiality Matrix below displayed the position of the 12 Sub-Themes relative to the degree of importance to REDtone's major stakeholders and its impact on EESG.

#### 5.1 REDtone's EESG Themes:

EESG	#	Sustainability Topics	Description
<b>6.0 Economic</b>	6.1	Financial Performance	Creating and distributing economic value throughout the value chain to stakeholders and society.
	6.2	Procurement Practices – Supply Chain Environmental	Encourage local and sustainable procurement.
	6.3	Community Investment	Contributing to nation-building through industry advancement throughout our diverse businesses.
<b>7.0 Environmental</b>	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.
<b>8.0 Social</b>	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 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 through various corporate social responsibility activities.
	8.5	Product and Services Responsibility	Approaching all marketing and promotional materials responsibly.



## Sustainability Statement

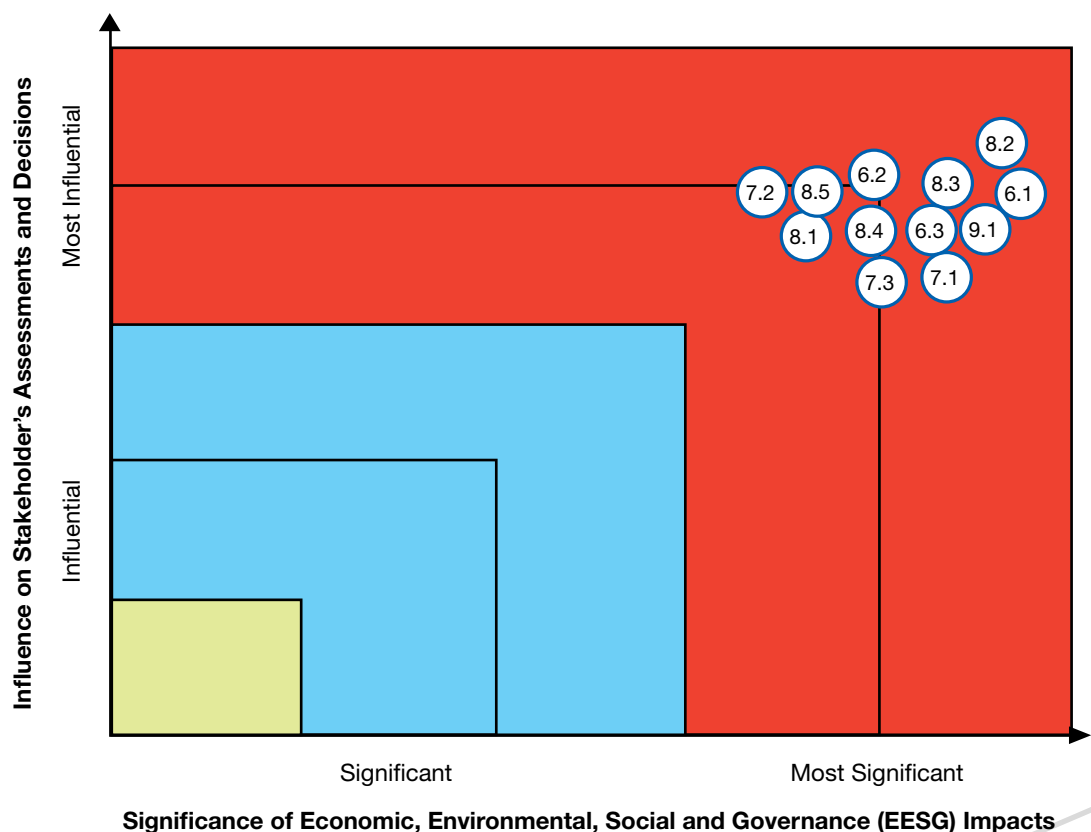
(Cont'd)

## 5.0 MATERIALITY (Cont'd)

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

EESG	#	Sustainability Topics	Description
9.0 Governance	9.1	Compliance	Protect REDtone's information (including confidential business data and employees' information) and customers' data privacy.
			Comply with Malaysia's relevant laws and legislations including anti-bribery and anti-corruption regulations, whistleblowing and other core local operational regulations covering the environmental, labour law, and health and safety requirements.

## 5.2 REDtone's Materiality Matrix:



## Sustainability Statement

(Cont'd)

### 6.0 ECONOMIC

The economic dimension of this sustainability statement impacts REDtone's concern on the economic conditions of its stakeholders and economic systems.

REDtone will continue to pursue business activities that create economic values to meet stakeholders' expectations and create value for all other stakeholders.

#### 6.1 Financial Performance

For more information about REDtone's financial performance, please refer to REDtone Financial Summary on page 10 of the REDtone Annual Report 2023.

#### 6.2 Procurement Practices – Supply Chain Environmental

REDtone seeks to ensure that sustainable Supply Chain Management is practiced and embedded into the Group's culture. Based on the past record, the Group has established a pool of committed suppliers and sub-contractors with many successful experience to support our business operations.

Supplier diversity is key to REDtone's business strategy. We build open and long-term relationships with our strategic partners and suppliers, and we have strict protocols in place to safeguard critical information in the interests of fair play and competitiveness.

##### Local Sourcing and Employment

REDtone puts high priority on purchases of local goods and services. We source our products and services locally whenever possible and prioritise local suppliers to benefit the local economy. We provide local suppliers and contractors with opportunities to participate in projects and other operational supplies through a competitive quotation. REDtone gives opportunities to local suppliers and contractors in promoting local hiring to meet business needs.

##### i. 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 minimised 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 selects 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.

## Sustainability Statement

(Cont'd)

## 6.0 ECONOMIC (Cont'd)

## 6.2 Procurement Practices – Supply Chain Environmental (Cont'd)

## Local Sourcing and Employment (Cont'd)

## i. Sustainable Supply Chain (Cont'd)

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.

## 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" and "Pusat Ekonomi Digital Keluarga Malaysia ("PEDi")".

REDtone has completed 268 sites (FY 2022: 267 sites) for Time-3 Extension project and maintained 57 sites (FY 2022: 57 sites) for Pusat Internet Komuniti.

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. Kampung Pulau Layak, Kelantan; and
- ii. Ulu Bertam, Kelantan.

## 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. REDtone also promotes online meetings.

In FY 2023, 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 enhanced billing system developed by its in-house team greatly improves the efficiency of generating multi-tier billing charges and reports for internal use. The digital capabilities have improved resources efficiency and accelerated its emphasis towards a paperless work environment.

## Sustainability Statement

(Cont'd)

### 7.0 ENVIRONMENTAL (Cont'd)

#### 7.1 Waste Management (Cont'd)

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 and production 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 saving cost, building less physical showroom will indeed help to cut down the use of wood products, thus inducing a positive impact on the environment.

#### 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 minimises 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. Solar energy is a truly renewable energy source, it can help the business to reduce fuel consumption in a sustainable way. By utilising solar energy, the carbon released from the genset can be reduced. There are significant savings from the change and more importantly, it minimises the negative impact to the environment.

#### 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 which enables crops to grow 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.

REDtone collaborated with partners such as Ministry of Agriculture and Food Security ("MAFS"), the Department of Agriculture ("DOA"), an agency under the Ministry of Agriculture and Food Industries ("MAFI"), Malaysia Digital Economy Corporation ("MDEC"), Agrobank and various institutions of higher learning such as Universiti 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. REDtone Smart Farming solutions focuses on Remote Monitoring, Automation and Remote Control ("RAR"). The benefits of the solution are as follows:-

- i. Weather prediction as well and soil monitoring sensors for optimal plant growth;
- ii. Better cost management and waste reduction to mitigate the risk of losing yields; and
- iii. Enhanced product quality and volume through automation.

## Sustainability Statement

(Cont'd)

## 7.0 ENVIRONMENTAL (Cont'd)

## 7.3 Land Remediation (Cont'd)

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

REDtone Smart Farming 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 Smart Farming Solutions offers a feature-rich automation system that allows farmers to monitor and control various parameters, such as water, soil composition, environmental conditions, etc, remotely via smartphone, tablet, or laptop.

REDtone Smart Farming now includes integration with satellite monitoring capabilities via its REDtone Satellite IoT Solutions ("SIS") offering. Using this solution, REDtone is assisting the Malaysian Government via the Forest Research Institute Malaysia ("FRIM") to digitalise its forest monitoring capabilities which include Satellite Monitoring for deforestation, a river monitoring system, and an NFC based forest logging monitoring system. REDtone was awarded the winner for Malaysia APICTA Award 2019 - "Best Industrial Provider for the Agriculture Sector".



REDtone Smart Farming has expanded its offerings to provide Satellite IoT Solutions ("SIS"), which uses the latest satellite data, processed and analyzed with widely-used and custom algorithms to enable timely and informed decisions.



## Sustainability Statement

(Cont'd)

### 8.0 SOCIAL

REDtone acknowledges the importance of social sustainability and has contributed positively to the communities by creating jobs, workplace safety, 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 candidates. 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 2023, REDtone's male executives continued to represent a substantial percentage i.e. 70% of the total executives' workforce (FY 2022: 71%). The main reason for gender inequality is primarily due to the nature of its 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 2023	12 months ended 30 June 2022	12 months ended 30 June 2021
Gender headcount	Male executive	70	71	72
	Female executive	30	29	28

##### ii. Human Rights

REDtone respects human rights and it adheres to all applicable employment and human rights regulations at all its operations site. We do not tolerate child, forced and involuntary labour. We have a clear policy which prohibits discrimination in the hiring, including gender, race, religion, age, disability and nationality.

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 can be viewed in detail at the Company's website [www.redtone.com/investor-relations/whistleblower/](http://www.redtone.com/investor-relations/whistleblower/) which outlines the processes and procedures where internal and external stakeholders can raise any breach of ethics, irregularities, misconduct, malpractice, violations or grievances involving any employees, Management or Directors of the Company. There were few reports through REDtone's whistleblowing channel but these reports were not significant in nature and have been properly addressed.

#### 8.2 Employees' Health Safety and Well Being

##### i. Occupational Safety and Health ("OSHA")

REDtone views providing a safe and healthy environment workplace as a fundamental duty of a Company. To achieve this, REDtone continues to foster a safety culture to sustain minimal workplace injuries and illness, safeguard the environment and promote sustainability awareness and practices.

## Sustainability Statement

(Cont'd)

## 8.0 SOCIAL (Cont'd)

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

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

REDtone has established its OSHA Committee headed by its Group CEO together with its representatives 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, minimising 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 ("CIDB") card as a validation of their understanding and knowledge concerning workplace safety.

Details	12 months ended 30 June 2023	12 months ended 30 June 2022	12 months ended 30 June 2021
<b>Safety Induction Trainings (number of trainings)</b>	8	23	15

In order to reduce REDtone's field employees' exposure to workplace hazards, REDtone ensures Personal Protective Equipment are readily available. In addition, REDtone's safety personnel are certified by the National Institute of Occupational Safety and Health ("NIOSH") 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 ("HIRARC") trained. An annual risk assessment is conducted on safety-related facilities in REDtone's business and operation premises.

REDtone promotes a safe and healthy work environment through effective communication, 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 a safe and healthy work environment is now an integral part of this organisation.

Description	FY 2023	FY 2022	FY 2021
Fatalities Case	0	0	0
Lost Workday Case (LWC)	0	0	0
Restricted Workday Case (RWC)	0	0	0

## Sustainability Statement

(Cont'd)

### 8.0 SOCIAL (Cont'd)

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

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

Description	FY 2023	FY 2022	FY 2021
First Aid Case (FAC)	0	0	1
Near Miss Case	0	0	0
Dangerous Occurrence Case	0	1	0
Fire Case	0	0	0
Property Damage Case	1	1	0
Vehicle Accident Case	0	1	1
No of Days Lost	0	0	0
Total Safe Man-hours Worked	212,160	288,156	299,520

##### ii. Well-Being

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.

#### 8.3 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 help employees to stay connected and motivated.

Various communication and interactive activities are organised to maintain a high level of employees' engagement. It is important for REDtone to attract and retain its talents.

Every employee's voice is heard as far as practical, 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, 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 are still being conducted virtually as it allows participants from other regions to attend the virtual trainings.

## Sustainability Statement

(Cont'd)

## 8.0 SOCIAL (Cont'd)

## 8.3 Labour Practices – Human Capital – Supply Chain Social (Cont'd)

## ii. Learning and Development (Cont'd)

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

Type of Training	12 months ended 30 June 2023	12 months ended 30 June 2022	12 months ended 30 June 2021
	Number of participants		
Finance & Accounting	15	95	14
Management	41	23	89
Product & Services	1,128	167	132
Safety & Health	151	254	296
Soft skills	299	956	611
Technical	67	204	266
Others	1,497	395	562
<b>Total</b>	<b>3,198</b>	<b>2,094</b>	<b>1,970</b>

Training	Unit of Measurement	FY 2023	FY 2022	FY 2021
Total training time as a Company	Hours	8,393	7,504	6,332
Average number of hours of training per year per employee	Hours	27.9	22.5	19.7
Average days per employee	Days	3.5	2.8	2.3

There were no cases of non-compliance with labour standards during this reporting period as the employees are familiar with REDtone's Principles of Business Conduct.

## 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 January 2023, REDtone collaborated with Pusat Darah Negara for a Blood Donation Campaign and managed to collect 59 bags of blood from 83 donors.

## Sustainability Statement

(Cont'd)

### 8.0 SOCIAL (Cont'd)

#### 8.4 Society (Cont'd)

##### i. Community Support (Cont'd)



REDtone collaborated with Pusat Darah Negara for a Blood Donation Campaign and collected 59 blood bags from 70 donors.

In April 2023, REDtone organised a Ramadhan Charity Drive for the children of Pusat Jagaan Kanak-kanak Yatim/Miskin Rukaiyah, a home located in Kajang, Selangor, for about 42 orphaned children (ranging from 8 to 17 years old) and 13 employees of the centre. REDtone and employees donated a sum of RM6,028 and it was spent on kasut raya, food, Raya packet and cash donation to the home.



REDtone organised a charity drive event during Ramadhan with the aim of collecting donations to purchase food and necessities for children at Pusat Jagaan Kanak-kanak Yatim/Miskin Rukaiyah. This initiative was part of the Company's ongoing commitment to instilling the value of "giving back to society".



## Sustainability Statement

(Cont'd)

## 8.0 SOCIAL (Cont'd)

## 8.4 Society (Cont'd)

## i. Community Support (Cont'd)

As at to date, REDtone has won more than 40 corporate awards over the past 20 years. One of the biggest highlights in this financial year was that REDtone received two incredible awards at The Edge Malaysia Centurion Club & Corporate Awards 2022. The awards were for the “HIGHEST GROWTH IN PROFIT AFTER TAX OVER 3 YEARS” and “HIGHEST RETURN ON EQUITY OVER 3 YEARS” categories in the joint sector of Telecommunications, Media & Utilities. These prestigious awards are a reflection of our resilience and strong foundation, as well as our ability to deliver exceptional results despite a challenging business environment.



REDtone received The Edge Malaysia Centurion Club Corporate Awards 2022 for the “HIGHEST GROWTH IN PROFIT AFTER TAX OVER 3 YEARS” and “HIGHEST RETURN ON EQUITY OVER 3 YEARS” in the joint sector of Telecommunications, Media & Utilities.

## ii. Sports

While the global popularity of sport is undeniably a contributing factor to the mass media appeal of sport-based CSR initiatives, our continued commitment to the programme and the concerted efforts of all stakeholders have helped us achieve significant progress in empowering the next generation.

REDtone is the title sponsor of the REDtone 14th Kuala Lumpur International Junior Open Squash Championships 2023. This edition, which marks the 9th time that REDtone has been title sponsor, making it the event’s longest-serving title sponsor to date. The programme has helped raise the overall profile and awareness of the tournament, having elevated it to Platinum status which is the highest level accorded to an Asian Squash Federation (“ASF”) sanctioned tournament. A key quantitative measure of the event’s success is its remarkable growth in terms of number of participants. Malaysia became the first host country in Asia to attract more than 800 players since 2017, a feat that was repeated in the most recent tournament, reinforcing the event’s standing as the largest junior tournament in Asia and second in the world.



REDtone is the title sponsor of the REDtone 14th KL International Junior Open Squash Championships 2022. This edition marks the 9th time REDtone has been the title sponsor for the prestigious event. Sanctioned by the Asian Squash Federation (“ASF”), the tournament is the biggest in Asia and the second largest in the world after the US Junior Open.



## Sustainability Statement

(Cont'd)

### 8.0 SOCIAL (Cont'd)

#### 8.4 Society (Cont'd)

##### ii. Sports (Cont'd)

REDtone has been a sponsor for LAKSAMANA Run for the 4th consecutive year. It is an honour to be part of this annual prestigious 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.



*REDtone is honored to be part of the Silver Sponsor for four consecutive years. Organized by the Tunku Laksamana Johor Cancer Foundation, the Laksamana Neon Run spreads cancer awareness while raising vital funds for the foundation to assist financially challenged cancer patients in their fight against the disease.*

#### 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 and organisations by delivering reliable and cost effective telecommunications infrastructure and digital solutions. "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.

## Sustainability Statement

(Cont'd)

## 9.0 GOVERNANCE (Cont'd)

## 9.1 Compliance (Cont'd)

## i. Information Data Security and Privacy (Cont'd)

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 is committed to provide and has 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.

In order to create Cyber Security awareness among its staff, REDtone Academy, its in-house trainer, has conducted Cyber Security Awareness Programs for all its employees and has also invited the Polis DiRaja Malaysia ("PDRM") to give talks on Cyber Security.

## iii. Ethical and Business Conduct

REDtone has adopted a zero-tolerance approach policy against all forms of bribery and corruption in its daily operations and is committed to conducting business with transparency, integrity and accountability, following the local applicable laws, rules and regulations.

There has not been any disciplinary cases reported for corrupt practices. 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 (“**Company**”) 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 2021 (“**MCCG**” or “**Code**”) and Paragraph 15.25 of the Main 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](http://www.redtone.com).

This Statement is to provide shareholders and other stakeholders with an overview of the Group’s application of the following 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 2023 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 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
- Ensure integrity of financial and non-financial reporting
- Risk management
- Succession planning of Board and Senior Management
- Board appointments, their fees and remuneration
- Board committees’ appointment
- Dividend policy
- Review the adequacy and integrity of the Group’s internal control systems
- Implement effective public communications and investor relations policies
- Oversee the sustainability risks and opportunities

## Corporate Governance Overview Statement

(Cont'd)

**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 a 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 Chairman, YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail, is not a member of the Board Committees.

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](http://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.

During the financial year ended 30 June 2023, there were a total of 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	5/5
Mr. Lau Bik Soon	5/5
Mr. Kua Choo Kai	5/5
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)	4/4
Encik Zakaria Bin Abdul Hamid (Resigned on 31 August 2022)	1/1

## Corporate Governance Overview Statement

(Cont'd)

### 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.

Upon conclusion of the meetings, the minutes will be circulated to the Board and Board Committees to ensure that the deliberations and decisions are accurately recorded, including the abstention of the Director(s) from voting or deliberating on a particular matter, if any.

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 as well as the matters reserved for collective decision of the Board, serves as a source of reference to the Directors. The Board Charter is publicly available on the Company's website at [www.redtone.com](http://www.redtone.com).

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 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 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 is available on the Company's website at [www.redtone.com](http://www.redtone.com).

## Corporate Governance Overview Statement

(Cont'd)

**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, 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 any illegal, unethical or questionable practices in confidence and without the risk of reprisal.

**B. Sustainability**

The Board holds the ultimate accountability for the Group's operations by ensuring environmental, social and governance ("ESG") considerations are embedded in the strategic planning, risk management and in the implementation of the Group's initiatives.

The sustainability governance at the Group is anchored upon the structure of the Sustainability Working Committee, which is headed by the Group Chief Executive Officer to drive the implementation of the Board's approved sustainability strategies and practices.

The Board has adopted an ESG Framework which provides guiding principles on how the culture of sustainability should be promoted across the Group.

The Group has engaged with the stakeholders through various methods during the financial year ended 30 June 2023. The details of the stakeholders' engagement are set out in the Sustainability Statement in this Annual Report.

The Board members will keep themselves apprised with contemporaneous and relevant sustainability developments including climate-related risks and opportunities by way of formal training.

**C. Board Composition**Board Composition and Balance

The current Board consists of 7 members, of whom 3 are Independent Non-Executive Directors, 1 is an Executive Director and 3 are Non-Independent Non-Executive Directors. This composition fulfills the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities, which stipulates that at least 2 Directors or 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 Programmes as required by Bursa Securities.

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

The Nomination Committee is satisfied that the current Board composition is strongly suited to provide effective oversight and delegation of responsibilities, in alignment with the strategic objectives of the Group.



## Corporate Governance Overview Statement

(Cont'd)

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

#### C. Board Composition (Cont'd)

##### 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. 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.

##### 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, integrity and fit and proper criteria 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 2023:

- 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 at the Twentieth 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 MCGG at the Twentieth Annual General Meeting of the Company;
- In accordance with Paragraph 15.20 of the Main 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 the revised Terms of Reference of the Nomination Committee; and
- Reviewed and recommended the appointment of Non-Independent Non-Executive Director of the Company to the Board for consideration and approval.

## Corporate Governance Overview Statement

(Cont'd)

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****C. 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 recommends that the tenure of an independent director should not exceed a cumulative term of 9 years. Upon completion of the 9 years' term, an independent director may continue to serve on the Board subject to the director's redesignation as a non-independent director. In the event such director is to be retained as an independent director, the Board must justify and seek annual shareholders' approval through a two-tier voting process as described in the Guidance to Practice 5.3 of the Code provided that the tenure does not exceed a cumulative of 12 years.

Dato' Mohd Zaini Bin Hassan and Dato' Avinderjit Singh A/L Harjit Singh were appointed to the Board as Independent Non-Executive Directors on 23 April 2012 and 19 February 2014 respectively.

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 and Dato' Avinderjit Singh A/L Harjit Singh, who have served the Board for a cumulative term of more than 9 years, remain objective and independent in expressing their views and in participating in deliberation and decision making of the Board and Board Committees.

Dato' Mohd Zaini Bin Hassan has indicated his intention to retire as an Independent Non-Executive Director of the Company at the forthcoming Twenty-First Annual General Meeting ("AGM").

The Board recommends to seek the shareholders' approval at the forthcoming Twenty-First AGM to retain Dato' Avinderjit Singh A/L Harjit Singh as an independent director of the Company.

In light of the above, Dato' Mohd Zaini Bin Hassan shall hold office as an Independent Non-Executive Director of the Company until the conclusion of the Twenty-First AGM.

The Nomination Committee and Board will identify a suitable replacement to fill the vacancy arising from the retirement of Dato' Mohd Zaini Bin Hassan.

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 as priority.

The Board currently has 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 and aims to adopt a gender diversity policy by December 2024.

## Corporate Governance Overview Statement

(Cont'd)

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

#### C. 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 independent search firms. The Nomination Committee is responsible for ensuring that the procedures for appointing new Directors are transparent and formal and the appointments are made on merits.

During the financial year ended 30 June 2023, Dato' Sri Badrul Hisham Bin Abdul Aziz has provided the fit and proper declaration and the Nomination Committee has evaluated and is satisfied that he has met the prescribed criteria as set out in the Directors' Fit and Proper Policy, and recommended to appoint him as a Director to the Board. The Board has subsequently approved his appointment to take effect on 1 September 2022.

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, 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 3 years but shall be eligible for re-election. New directors appointed by the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election at such AGM pursuant to Clause 116 of the Company's Constitution.

To assist shareholders in their decision, sufficient information on the Directors standing for re-election is furnished in the Annual Report accompanying the Notice of AGM.

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
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	Clause 117
Ms. Loh Paik Yoong	Clause 117

The retiring Directors had provided the fit and proper declarations and the Board had through the Nomination Committee, carried out the assessment on the retiring Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors.

The Board then endorsed the recommendation of the Nomination Committee for the retiring Directors to be considered for re-election pursuant to the Company's Constitution at the forthcoming AGM.

## Corporate Governance Overview Statement

(Cont'd)

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****C. 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 Assessment, 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 Programmes as required by Bursa Securities for the newly appointed Directors. The Board will also comply with the new requirement to attend the Mandatory Accreditation Programme Part II ("**MAP II**") as required by Bursa Securities. As at this annual report date, 4 of the 7 Directors have since attended the MAP II.

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/Forums
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	<ul style="list-style-type: none"> <li>Advancing Cyber Resilience – Board's Top 3 Must-Knows</li> </ul>
Mr. Lau Bik Soon	<ul style="list-style-type: none"> <li>Economic Outlook – Global, Regional &amp; ASEAN Economic Update</li> <li>Working Together Principles and Practices</li> <li>Cybersecurity Landscape and New Approaches to Protect Your Business</li> <li>Mastering 3 Kingdoms Leadership &amp; Strategies</li> <li>Driving Customer Acquisition with Digital Marketing for Local Businesses</li> <li>Best the Odds in Business and Life</li> </ul>

## Corporate Governance Overview Statement

(Cont'd)

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

#### C. 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/Forums
Mr. Kua Choo Kai	<ul style="list-style-type: none"> <li>Sustainability Realized: EY ASEAN Sustainability Summit 2022</li> <li>ESG Disclosure at a Glance: Key Developments and Future Trends</li> <li>ESG Oversight: Role of the Board</li> <li>Corporate Governance Remuneration Practices for the ESG World</li> <li>ESG Management Leading Companies to Sustainable Development</li> <li>Supercharging Modern Accounting</li> <li>Understanding Malaysian Bankrupt Laws &amp; The Consequences</li> <li>BEPS 2.0: How will the OECD/G20 project change the International Tax Landscape</li> <li>Audit Oversight Board Conversation with Audit Committees</li> <li>2023 Budget Webinar</li> <li>The Board "Agender": Bursa Malaysia Immersive Session</li> <li>EY ASEAN Tax Forum – How Tax Accounting Team Should Prepare for BEPS Changes and Global Tax Transformation</li> <li>MIA International Accountants Conference – Future Fit Profession: Charting A Better Tomorrow</li> </ul>
Dato' Mohd Zaini Bin Hassan	<ul style="list-style-type: none"> <li>5 Key Cyber Threat Trends and Developments in 2023</li> </ul>
Dato' Avinderjit Singh A/L Harjit Singh	<ul style="list-style-type: none"> <li>ESG Disclosure At a Glance: Key Developments and Future Trends</li> <li>Climate Change and Carbon: From the Financial Risk &amp; Reporting Perspectives</li> <li>Characteristics of ESG &amp; Sustainability Leadership</li> <li>ESG Oversight: Role of the Board</li> <li>Amendments to 2022 New Bursa Listing Requirements</li> </ul>
Ms. Loh Paik Yoong	<ul style="list-style-type: none"> <li>ESG Disclosure At a Glance: Key Developments and Future Trends</li> <li>Climate Change and Carbon: From the Financial Risk &amp; Reporting Perspectives</li> <li>Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers Confirmation</li> <li>Characteristic of ESG &amp; Sustainability Leadership</li> <li>Inbound Investment: Cross border transaction into Singapore</li> <li>Corporate and Commercial Law</li> <li>Perdana Leadership CEO Forum 2022</li> <li>Staying Ahead: Latest in Data Privacy</li> <li>2022 MFRS Updates Seminar</li> <li>Tax and Business Summit 2022</li> <li>Presentation on 2023 Global Human Capital Trends – Deloitte Insights</li> <li>Training on Corporate Liability – Compliance with section 17A of the MACC Act on Anti-Bribery / Anti-Corruption</li> </ul>
Dato' Sri Badrul Hisham Bin Abdul Aziz	<ul style="list-style-type: none"> <li>Sustainability Strategy</li> <li>FTSE 4 Good ESG Rating</li> </ul>

The Directors continue to gain updates through the briefings by Company Secretaries, Internal Auditors 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 Secretaries 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.

## Corporate Governance Overview Statement

(Cont'd)

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****D. 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 formal and transparent procedure and structure in determining the remuneration package for the Board 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.

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 and Procedures as well as the Terms of Reference of the Remuneration Committee of the Company are accessible on the Company's website at [www.redtone.com](http://www.redtone.com).

Details of the Directors' remuneration categorised into appropriate components for the financial year ended 30 June 2023 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)
<b>Executive Director</b>								
Mr. Lau Bik Soon	-	-	-	-	1,014,000	-	95,600	141,700
<b>Non-Executive Directors</b>								
YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	-	381,000	-	8,600	-	381,000	-	8,600
Mr. Kua Choo Kai	-	79,000	-	14,500	-	79,000	-	14,500
Dato' Mohd Zaini Bin Hassan	-	56,000	-	15,800	-	56,000	-	15,800
Dato' Avinderjit Singh A/L Harjit Singh	-	52,500	-	8,600	-	91,800	-	8,600
Ms. Loh Paik Yoong	-	55,000	-	15,800	-	55,000	-	15,800
Dato' Sri Badrul Hisham Bin Abdul Aziz@	-	50,000	-	7,200	-	50,000	-	7,200
Encik Zakaria Bin Abdul Hamid*	-	7,000	-	1,400	-	20,000	-	1,400

Notes:-

^ Other emoluments are inclusive of meeting allowance and employer's provident fund contributions

@ Appointed on 1 September 2022

\* Resigned on 31 August 2022

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 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director, whom collectively possess a wide range of necessary skills and is 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.

The Audit Committee members received ongoing training and development as disclosed in this Statement.

In order to strengthen the independence of the Audit Committee, Practice 9.2 of the Code recommends to observe a cooling-off period of at least 3 years before any partner of external audit firm and/or its affiliate firm is appointed as a member of the Audit Committee. Such a clause is included in the Terms and Reference of the Audit Committee.

The Terms of Reference of the Audit Committee of the Company is accessible on the Company's website at [www.redtone.com](http://www.redtone.com).

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-assurance 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, 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 2024.

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

##### Risk Management and Internal Control

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 2023, 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.

## Corporate Governance Overview Statement

(Cont'd)

**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. All the personnel deployed by Crowe Governance Sdn. Bhd. ranging from 2 to 3 staffs, are free from any relationships or conflict of interest, which could impair their objectivity and independence during the course of work. 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.

The internal auditors report independently and directly to the Audit Committee on the Group's internal audit function, which is independent of the 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.

## Corporate Governance Overview Statement

(Cont'd)

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

#### A. Communication with Stakeholders (Cont'd)

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](http://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.

#### B. Conduct of General Meetings

The AGM serves as the annual principal forum for dialogue between the Board 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 poll voting. All Directors and the Chair of every Board Committee, as well as Senior Management, where appropriate, will provide feedback, answers and clarifications to the questions raised from the shareholders during the AGM. The questions posed by the shareholders during the Twentieth AGM were made visible to the shareholders.

Notice of the AGM and the Annual Report together with the financial statements are sent out to shareholders at least 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 Twentieth AGM of the Company held on 1 December 2022, was conducted electronically in its entirety via Remote Participation and Electronic Voting facilities. In line with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, the poll voting 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 AGM day.

During the Twentieth AGM, shareholders were encouraged to pose their questions to the Board via a real time submission of typed texts through a text box within the portal during the live streaming of the Twentieth AGM. The shareholders were given the opportunity to email their questions to the Company prior to the Twentieth AGM as well. The Company had engaged Berjaya Registration Services Sdn. Bhd. who has the required infrastructure and equipment to support a smooth broadcast of the general meeting and interactive participation by shareholders, as the service provider for the Remote Participation and Voting facilities.

The Minutes of the Twentieth AGM was made available to the shareholders within 30 business days after the Twentieth AGM at the Company's corporate website at [www.redtone.com](http://www.redtone.com).

## Corporate Governance Overview Statement

(Cont'd)

### 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 economic recovery and growth and the business opportunities.

This Corporate Governance Overview Statement and the CG Report were approved by the Board of Directors on 10 October 2023.

## 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 and/or its affiliates for the financial year ended 30 June 2023 are as below:-

	Group RM	Company RM
Audit fees	408,000	114,000
Non-audit fees	25,000	8,000

### MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Group involving the interest of Directors, Chief Executive (who is not a Director) and Major Shareholders of the Group, 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 ("RRPTs")

At the Twentieth Annual General Meeting of the Company held on 1 December 2022, the Company obtained a mandate from its shareholders for RRPTs of a revenue or trading in nature with related parties.

Pursuant to Paragraph 10.09(2)(b) of the Main Market Listing Requirements and Paragraph 3.1.5 of the related Practice Note 12 of Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 30 June 2023 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 2022 to 30 June 2023 (RM'000)
Berjaya Corporation Berhad ("BCorporation") and its unlisted subsidiary companies ("BCorporation Group"):-				
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 and general administrative services.	60
2.	REDtone Data Centre Sdn. Bhd. ("RDC")	BCorporation Group	Provision of data centre and cloud related services by RDC.	1,359
3.	RDC	BCorporation Group	Leasing of Information Technology Equipment including computer servers and data storage equipment to RDC.	30

## Additional Compliance Information

(Cont'd)

**RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") (CONT'D)**

Pursuant to Paragraph 10.09(2)(b) of the Main Market Listing Requirements and Paragraph 3.1.5 of the related Practice Note 12 of Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 30 June 2023 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 2022 to 30 June 2023 (RM'000)
Berjaya Corporation Berhad ("BCorporation") and its unlisted subsidiary companies ("BCorporation Group"):- (Cont'd)				
4.	REDtone Group	Berjaya Registration Services Sdn. Bhd.	Receipt of share registration services, printing and mailing services by the REDtone Group.	88
5.	REDtone Group	E.V.A Management Sdn. Bhd.	Receipt of human resource management services by the REDtone Group.	32
6.	REDtone Group	BLoyalty Sdn. Bhd.	Loyalty reward charges payable by the REDtone Group.	0.1
Berjaya Land Berhad ("BLand") and/or its unlisted subsidiary companies ("BLand Group"):-				
7.	REDtone Group	BLand Group	Contract revenue payable by the REDtone Group for the construction of mobile base stations and related operations and maintenance.	24,899
Berjaya Assets Berhad and/or its unlisted subsidiary company				
8.	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
9.	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



## Additional Compliance Information

(Cont'd)

**RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") (CONT'D)**

Pursuant to Paragraph 10.09(2)(b) of the Main Market Listing Requirements and Paragraph 3.1.5 of the related Practice Note 12 of Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 30 June 2023 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 2022 to 30 June 2023 (RM'000)
Other Related Parties				
10.	REDtone Group	Sun Media Corporation Sdn. Bhd.	Procurement of advertising and publishing services by the REDtone Group.	53
11.	RDC	Qinetics Solutions Sdn. Bhd. and its unlisted subsidiary companies	Provision of data centre and cloud related services by RDC.	51
12.	RDC	Qinetics Solutions Sdn. Bhd. and its unlisted subsidiary companies	Purchase by RDC of hardware security module for electronic payment and maintenance services.	86
13.	RDC	Singer (Malaysia) Sdn. Bhd.	Provision of data centre and cloud related services by RDC.	90
14.	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.	22,497
15.	REDtone Group	U Mobile Sdn. Bhd.	Provision of interconnect and related services to the REDtone Group.	74
16.	Bytebuilder Sdn. Bhd. ("BBSB")	Eminent Display Sdn. Bhd.	Contract revenue receivable by BBSB for fiber engineering services.	166

# AUDIT COMMITTEE REPORT

The Board of Directors (“**Board**”) of REDtone Digital Berhad (“**Company**”) 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 2023.

## OBJECTIVE

The Audit Committee (“**Committee**”) is established to effectively discharge their duties to assist and support the Board 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 composition of the Committee is in compliance with Paragraphs 15.09(1)(a) and (b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), where all three (3) Committee members are Non-Executive Directors, with a majority being Independent Directors.

Mr. Kua Choo Kai and Ms. Loh Paik Yoong are members of the Malaysian Institute of Accountants (“**MIA**”). Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities, which stipulates that at least one (1) member of the Committee is a member of the MIA.

The Committee held ten (10) meetings during the financial year ended 30 June 2023. The details of attendance of the Committee members are as follows:

Director	Designation	Attendance
Mr. Kua Choo Kai	Chairman	10/10
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](http://www.redtone.com).

## Audit Committee Report

(Cont'd)

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

During the financial year ended 30 June 2023, the Committee had carried out the following activities which were in line with its duties and responsibilities as set out in its Terms of Reference: -

#### Financial Reporting

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

Date of Meeting	Review of Unaudited Quarterly Reports / Audited Financial Statements
7 October 2022	Audited Financial Statements of the Group and Company for the financial year ended 30 June 2022
17 November 2022	First Quarter Results for the financial period ended 30 September 2022
21 February 2023	Second Quarter Results for the financial period ended 31 December 2022
18 May 2023	Third Quarter Results for the financial period ended 31 March 2023
24 August 2023	Fourth Quarter Results for the financial period ended 30 June 2023

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 18 August 2022, 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 2022. There were no areas of concern that were brought to the attention of the Committee;

Reviewed the Audit Status Report prepared by the External Auditors in respect of the audit for the financial year ended 30 June 2022 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 2022 and recommended to the Board for approval.

On 29 September 2022, reviewed the Audit Results Report prepared by the External Auditors for the financial year ended 30 June 2022 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 quality of audit, competency and sufficiency of resources, and audit independence of the External Auditors and had made recommendation to the Board on their re-appointment.

On 16 May 2023, reviewed the Audit Planning Memorandum for the Group and Company for the financial year ended 30 June 2023 prepared by the External Auditors, setting out the responsibilities of the External Auditors, their audit approach, audit timelines, the areas of audit emphasis and the independence of the External Auditors in connection with their audit of the Group and Company.

Held a private session with the External Auditors without the presence of Management to discuss issues of concern that the External Auditors may have, for the statutory audit for the financial year ended 30 June 2023. There were no private issues brought to the attention of the Committee.

## Audit Committee Report

(Cont'd)

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

During the financial year ended 30 June 2023, the Committee had carried out the following activities which were in line with its duties and responsibilities as set out in its Terms of Reference: - (Cont'd)

#### Internal Audit

On 29 September 2022, reviewed the adequacy of the scope, functions, competency, and resources of the Internal Audit function.

On 15 November 2022, the Committee had a private session with the Internal Auditors to discuss on any issues of concern encountered by the Internal Auditors when carrying out their audit work. No urgent private issues were brought to the attention of the Committee.

During the financial year ended 30 June 2023, the Committee reviewed and took note of the status update to the proposed auditable areas to be covered.

In addition, during the financial year under review, four (4) 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 Committee also reviewed two (2) follow-up audit reports.

#### Whistleblowing

On 18 August 2022, the Committee reviewed a whistleblowing report received, the investigation report and the recommendation from the Management before recommending the same to the Board for notation.

#### Related Party Transactions

On 29 September 2022, the Management tabled the draft Circular to Shareholders in relation to the Proposed Renewal of and New Shareholders' Mandates for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 21 October 2022 for the Committee's review and recommendation to the Board for approval.

In addition, during the financial year ended 30 June 2023, 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 Twentieth Annual General Meeting held on 1 December 2022.

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 29 September 2022, 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 2022 of the Company.

On 16 February 2023 and 24 August 2023, the Group Chief Executive Officer who is the Risk Management Committee Chairman of the Group presented the Enterprise Risk Management reports to the Committee, to update on the Key Risks Profile and Risk Rating of the Group.

#### Other matters

On 18 August 2022, the Committee reviewed the draft revisions to the Terms of Reference of the Audit Committee and recommended the same to the Board for approval.

## Audit Committee Report

(Cont'd)

### SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Committee is supported by an independent professional consulting firm, 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 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.

For 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: -

- Personal Data Protection Act 2010 and Health, Safety & Environment;
- Fixed Assets Management and Finance & Administration;
- Research and Development; and
- Human Resources & Payroll Processing.

In addition, two (2) follow up audits were performed to assess the implementation of corrective action plans committed by the Management for the past internal audits.

The total cost incurred for the Internal Audit function of the Group for the financial year ended 30 June 2023 was RM70,013.

The Audit Committee Report was approved by the Board on 10 October 2023.

# 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 practice good corporate governance.

This Statement on Risk Management and Internal Control is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance 2021 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 financial year ended 30 June 2023.

## 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 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.

## MANAGEMENT RESPONSIBILITY

Management is accountable to the Board and is responsible for effective implementation of risk management and control mechanisms, including:

- providing executive leadership in the management of risk within their work responsibilities;
- identifying and evaluating risks faced by the Group;
- formulating and implementing internal control and risk management actions and mechanisms;
- implementing remedial actions in response to significant risks, and to address compliance and control issues; and
- the overall achievement of business objectives and strategies.

Management is committed to operating a sound system of internal control and the internal control system will continue to be reviewed, updated and improved upon in line with changes in the operating environment.



## Statement on Risk Management and Internal Control

(Cont'd)

### RISK MANAGEMENT FRAMEWORK

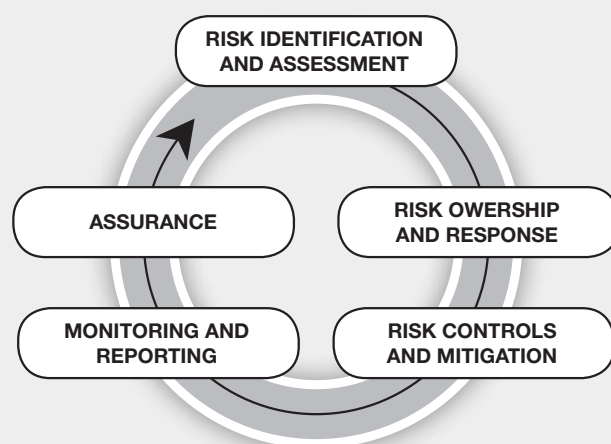
The Board regards the management of core risks as an integral and critical part of the day-to-day operations of the Group and it is embedded into the culture, processes and structures of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year 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.

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](http://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:



Company-wide key risks are identified and maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks are then categorised by its risk rating, based on its likelihood of occurrence and criticality of impact i.e. Low, Medium, High and Very Significant. Gross Risk defined as the risk level exposure before consideration of the effectiveness of internal controls to mitigate the risk; i.e., the maximum level of risk exposure in the event of inadequacy or failure of internal controls is then identified together with the Nett Risk which is the risk rating after considering the internal controls in place. Based on the Nett Risk identified, Management is able to assess and focus on the key risk areas requiring attention and action plans, where required, to strengthen the current controls. Risk profiles established for both the operations and supporting functions provide Management with a holistic view of the risks considerations in its formulation of strategies and decision-making process.

During the financial year ended 30 June 2023, the RMC had reviewed the Key Risk Register, the risk ratings and its controls and had updated the Audit Committee and the Board 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.

## Statement on Risk Management and Internal Control

(Cont'd)

**KEY INTERNAL CONTROL ELEMENTS**

Key elements of the internal control systems established by the Board that provides direction, effective governance and oversight of internal controls include:-

- **Board Committees**

The Board has formed various Board Committees such as the Audit Committee, Nomination Committee and Remuneration Committee and delegated these Committees with specific responsibilities which are all governed by clearly defined Terms of Reference and authority for areas within their scope. The Board Charter sets out the responsibilities and functions of the Board and the supporting Board Committee.

- **Organisation Structure**

The Group maintains well defined organisational structure with clear lines of responsibility, delegation of authority, segregation of duties and flow of information in the organisation structure, to ensure proper identification of accountability and segregation of duties within the Management team.

- **Management and Board Monitoring and Reporting**

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.

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.

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.

- **Policies and Procedures**

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include manuals and handbooks which are updated, reviewed and revised periodically to meet changing business and operational requirements, and statutory reporting needs.

- **Limits of Authority**

The Group has clear limits of authority which defines the approving limits that have been assigned and delegated to each approving authority within the Group. The limits of authority are reviewed periodically and updated in line with the changes in the organisation.

- **Planning, Monitoring and Reporting**

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.

## Statement on Risk Management and Internal Control

(Cont'd)

### KEY INTERNAL CONTROL ELEMENTS (CONT'D)

Key elements of the internal control systems established by the Board that provides direction, effective governance and oversight of internal controls include:- (Cont'd)

- **Human Resources Procedures and Guidelines**

The procedures and guidelines on human resources govern all aspects of human resource management from talent acquisition, development and retention, performance and consequence management to cessation of employment.

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.

- **Integrity and Ethical Values**

- (a) **Code of Ethics and Conduct**

The Board believes ethical corporate culture begins from the top which the control environment sets the tone for the Group by providing fundamental discipline and structure. The Board has set the tone at the top for corporate behavior and corporate governance.

All employees shall adhere to the Code of Ethics and Conduct of the Group, which sets out the principles and standards to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties.

- (b) **Whistleblowing Policy and Procedures**

The Board has formalised a set of Whistleblowing Policy and Procedures to provide an avenue for stakeholders of the Company to raise concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The Whistleblowing Policy and Procedures set out the protection accorded to whistleblowers who disclose such irregularities in good faith.

- (c) **Anti-Bribery and Anti-Corruption Policy**

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](http://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 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.

## Statement on Risk Management and Internal Control

(Cont'd)

### INTERNAL AUDIT FUNCTION (CONT'D)

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 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.

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.

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 internal audits conducted were on Personal Data Protection Act 2010 and Health, Safety & Environment; Fixed Assets Management and Finance & Administration; Research and Development; and Human Resources & Payroll Processing. In addition, two (2) follow up audits were also performed to assess the implementation of corrective action plans committed by the Management.

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.

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 Audit Committee had evaluated and reviewed the internal audit function in terms of scope, competency, resources and independence. The Audit 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 Audit 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.

## Statement on Risk Management and Internal Control

(Cont'd)

### REVIEW BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main 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 2023. 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 Main 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 10 October 2023.

## DIRECTORS' RESPONSIBILITY STATEMENT

In Respect Of The Audited Financial Statements For The Financial Year Ended 30 June 2023

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 judgement 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 2023 as set out on pages 73 to 158 of this Annual Report.





# Financial Statements

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# DIRECTORS' REPORT

## 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 2023.

## 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	55,179	39,978
Profit attributable to:		
Owners of the parent	57,465	39,978
Non-controlling interests	(2,286)	-
	55,179	39,978

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, except as disclosed in Note 4 of the financial statements.

## Dividend

The dividend paid by the Company since 30 June 2022 was as follows:

	RM'000
<u>In respect of the financial year ended 30 June 2022</u>	
Interim tax exempt (single-tier) dividend of 1.8 sen per ordinary share, declared on 23 August 2022 and paid on 22 November 2022	13,913

On 24 August 2023, the Directors declared an interim dividend of 2.5 sen per ordinary share amounting to RM19,323,797 in respect of the financial year ended 30 June 2023 payable on 16 October 2023. 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 2024.

## Directors' Report

(Cont'd)

### Treasury shares

The Company did not buy back any of its own shares during the financial year ended 30 June 2023.

Of the total 782,453,885 (2022: 782,453,885) issued and fully paid-up ordinary shares as at the end of the financial year, 9,502,000 (2022: 9,502,000) ordinary shares are held as treasury shares by the Company amounting to RM5,653,000 (2022: 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 2023, the issued ordinary share capital of the Company with voting rights was 772,951,885 (2022: 772,951,885 ordinary shares).

### Directors

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

YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail

Lau Bik Soon

Kua Choo Kai

Dato' Mohd Zaini Bin Hassan

Dato' Avinderjit Singh A/L Harjit Singh

Loh Paik Yoong

Dato' Sri Badrul Hisham Bin Abdul Aziz

(Appointed on 1 September 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 during the financial year and during the period from the end 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' Report

(Cont'd)

**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 Company maintained a Directors' and Officers' Liability Insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and the Group. The total amount of insurance premium effected for any director and officer of the Company and of the Group as at the financial year end was RM26,589.50. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

The directors' benefits are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Executive directors' remuneration:		
- Salaries and bonuses	1,713	-
- Other emoluments	350	-
	<u>2,063</u>	<u>-</u>
Non-executive directors' remuneration:		
- Fees	733	680
- Other emoluments	72	72
	<u>805</u>	<u>752</u>
Total directors' remuneration	<u>2,868</u>	<u>752</u>

## Directors' Report

(Cont'd)

### 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 2022	Acquired	Disposed
The Company			
<i>Direct interests</i>			
Lau Bik Soon	2,810,360	-	-
Dato' Mohd Zaini Bin Hassan	20,000	-	-

	Number of ordinary shares		
	At 1 July 2022	Acquired	Disposed
Ultimate holding company, Berjaya Corporation Berhad			
<i>Direct interests</i>			
Loh Paik Yoong	57	-	-

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

## Directors' Report

(Cont'd)

**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 2022	Acquired	Disposed	At 30 June 2023
Ultimate holding company, Berjaya Corporation Berhad <i>Direct interests</i>				
Loh Paik Yoong	1,000	-	-	1,000

	Number of ordinary shares			
	At 1 July 2022	Acquired	Disposed	At 30 June 2023
Related company, Berjaya Land Berhad <i>Direct interests</i>				
Loh Paik Yoong	16,400	-	-	16,400

	Number of ordinary shares			
	At 1 July 2022	Acquired	Disposed	At 30 June 2023
Related company, Sports Toto Berhad <i>Direct interests</i>				
Loh Paik Yoong	37,238	310*	(37,548)	-

\* Share dividend on the basis of 1 for every 120 existing ordinary share held in Sports Toto Berhad.

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.



## Directors' Report

(Cont'd)

### 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.

## Directors' Report

(Cont'd)

**Holding company**

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:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Ernst & Young PLT	372	114
Other auditors	36	-
	<u>408</u>	<u>114</u>

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 10 October 2023.

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 73 to 158 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and 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 10 October 2023.

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 73 to 158 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 Seri Kembangan, Selangor Darul Ehsan  
on 10 October 2023

Lau Hock Chye

Before me,

Julian Khor Yun Ling (B524)  
Commissioner for Oaths

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Revenue</b>	3	214,654	158,042	-	-
Cost of sales		(119,229)	(59,170)	-	-
Other income	4	27,326	6,155	48,964	29,822
General and administrative expenses		(44,124)	(47,480)	(2,303)	(13,981)
Finance costs	5	(3,634)	(1,079)	(752)	(967)
<b>Profit before tax</b>	6	74,993	56,468	45,909	14,874
Taxation	9	(19,814)	(15,992)	(5,931)	(659)
<b>Profit for the financial year</b>		55,179	40,476	39,978	14,215
<b>Other comprehensive (loss)/income:</b>					
<u>Item that will not be reclassified subsequently to profit or loss</u>					
Foreign currency translation	1	-	-	-	-
Net changes in fair value of other investments measured at fair value through other comprehensive income ("FVTOCI")	18	(7,907)	13,905	(7,907)	13,905
<b>Total comprehensive income for the financial year</b>		47,273	54,381	32,071	28,120
<b>Profit/(loss) attributable to:</b>					
- Owners of the parent		57,465	39,458	39,978	14,215
- Non-controlling interests		(2,286)	1,018	-	-
		55,179	40,476	39,978	14,215
<b>Total comprehensive income/(loss) attributable to:</b>					
- Owners of the parent		49,559	53,363	32,071	28,120
- Non-controlling interests		(2,286)	1,018	-	-
		47,273	54,381	32,071	28,120
<b>Earnings per share attributable to owners of the parent:</b>					
- Basic (sen)	10	7.43	5.10		

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

# STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill	11	423	423	-	-
Property, plant and equipment	12	18,678	4,757	-	-
Right-of-use assets	29	2,176	3,336	-	-
Investment properties	13	1,200	1,180	-	-
Intangible assets	14	32,145	11,760	-	-
Development costs	15	-	-	-	-
Investments in subsidiaries	16	-	-	18,967	9,467
Investments in associates	17	-	-	-	-
Other investments	18	33,988	38,360	33,988	38,360
Deferred tax assets	19	3,155	594	-	-
		<u>91,765</u>	<u>60,410</u>	<u>52,955</u>	<u>47,827</u>
<b>Current assets</b>					
Inventories	20	518	476	-	-
Trade and other receivables	21	97,684	44,733	37,924	52,700
Contract assets	22	46,301	63,547	-	-
Tax recoverable		2,855	476	-	-
Short term investments	23	70,000	50,007	70,000	50,007
Cash and bank balances	24	116,989	78,318	4,961	1,337
		<u>334,347</u>	<u>237,557</u>	<u>112,885</u>	<u>104,044</u>
<b>Total assets</b>		<u>426,112</u>	<u>297,967</u>	<u>165,840</u>	<u>151,871</u>

## Statements of Financial Position

As at 30 June 2023

(Cont'd)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 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	109,595	73,949	(8,281)	(26,439)
		253,755	218,109	135,879	117,721
Non-controlling interests		2,994	5,280	-	-
Total equity		256,749	223,389	135,879	117,721
Non-current liabilities					
Loans and borrowings	28	1,112	1,213	-	-
Lease liabilities	29	1,547	1,076	-	-
Other payable	30	23,056	-	-	-
Deferred tax liabilities	19	5,255	-	5,255	-
		30,970	2,289	5,255	-
Current liabilities					
Trade and other payables	30	83,537	59,795	24,673	34,117
Contract liabilities	22	49,758	6,223	-	-
Loans and borrowings	28	102	97	-	-
Lease liabilities	29	1,228	2,568	-	-
Tax payable		3,768	3,606	33	33
		138,393	72,289	24,706	34,150
Total liabilities		169,363	74,578	29,961	34,150
Total equity and liabilities					
		426,112	297,967	165,840	151,871

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 2023

Group	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 27(b))	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
<b>At 1 July 2021</b>	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
<b>Transactions with owners</b>									
- Dividend (Note 37)	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
<b>At 30 June 2022</b>	149,813	(5,653)	(663)	641	19,751	54,220	218,109	5,280	223,389
<b>At 1 July 2022</b>	149,813	(5,653)	(663)	641	19,751	54,220	218,109	5,280	223,389
Profit for the financial year	-	-	-	-	-	57,465	57,465	(2,286)	55,179
Other comprehensive income	-	-	1	-	(7,907)	-	(7,906)	-	(7,906)
Total comprehensive income	-	-	1	-	(7,907)	57,465	49,559	(2,286)	47,273
Effect arising from the disposal of equity investments measured at FVTOCI (Note 18)	-	-	-	-	(3,314)	3,314	-	-	-
<b>Transaction with owners</b>									
- Dividend (Note 37)	-	-	-	-	-	(13,913)	(13,913)	-	(13,913)
<b>At 30 June 2023</b>	149,813	(5,653)	(662)	641	8,530	101,086	253,755	2,994	256,749

Statements of Changes in Equity  
For the financial year ended 30 June 2023  
(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
<b>Company</b>					
<b>At 1 July 2021</b>	149,813	(5,653)	5,846	(46,492)	103,514
Total comprehensive income	-	-	13,905	14,215	28,120
<b>Transaction with owners</b>					
- Dividend (Note 37)	-	-	-	(13,913)	(13,913)
<b>At 30 June 2022</b>	149,813	(5,653)	19,751	(46,190)	117,721
<b>At 1 July 2022</b>	149,813	(5,653)	19,751	(46,190)	117,721
Total comprehensive income	-	-	(7,907)	39,978	32,071
Effect arising from the disposal of equity investments measured at FVTOCI (Note 18)	-	-	(3,314)	3,314	-
<b>Transaction with owners</b>					
- Dividend (Note 37)	-	-	-	(13,913)	(13,913)
<b>At 30 June 2023</b>	149,813	(5,653)	8,530	(16,811)	135,879

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 2023

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Receipts from customers	264,068	181,803	-	-
Payments of operating expenses	(154,346)	(99,235)	-	-
Payments of taxes	(19,337)	(14,937)	(676)	(600)
Payment of short term leases and leases of low-value assets	(1,075)	(975)	-	-
Other (payments)/receipts	(98)	(77)	9,413	(7,726)
Net cash generated from/(used in) operating activities	89,212	66,579	8,737	(8,326)
<b>Cash flows from investing activities</b>				
Sale of property, plant and equipment	-	11	-	-
Additional investment in a subsidiary (Note 16)	-	-	(9,500)	-
(Increase)/decrease in deposits and short term investments	(271)	2	(271)	2
Proceeds from disposal of short term investment	3,120	-	3,120	-
Acquisition of quoted securities	(10,555)	-	(10,555)	-
Acquisition of property, plant and equipment (Note 12)	(16,147)	(1,626)	-	-
Acquisition of intangible asset	(10,942)	(11,760)	-	-
Interest received	1,194	681	-	-
Investment income received	1,896	3,137	1,896	3,137
Dividend received	1,610	331	24,110	20,231
Net cash (used in)/generated from investing activities	(30,095)	(9,224)	8,800	23,370
<b>Cash flows from financing activities</b>				
Payment of principal portion of lease liabilities	(2,803)	(6,395)	-	-
Placement of deposits with licensed bank not available for use	(528)	(343)	-	-
Repayment of bank borrowings and other loans	(96)	(99)	-	-
Dividend paid	(13,913)	(13,913)	(13,913)	(13,913)
Lease interest paid	(168)	(419)	-	-
Other interest paid	(3,466)	(660)	-	-
Net cash used in financing activities	(20,974)	(21,829)	(13,913)	(13,913)
<b>Net change in cash and cash equivalents</b>	38,143	35,526	3,624	1,131
<b>Cash and cash equivalents at beginning of financial year</b>	50,363	14,837	1,337	206
<b>Cash and cash equivalents at end of financial year (Note 24)</b>	88,506	50,363	4,961	1,337

**Statements of Cash Flows**  
For the financial year ended 30 June 2023  
(Cont'd)

(a) Reconciliation of liabilities arising from financing activities:

	<b>Lease liabilities RM'000</b>	<b>Group Bank and other borrowings RM'000</b>	<b>Total RM'000</b>
<b>2023</b>			
At beginning of financial year	3,644	1,310	4,954
Additional of lease liabilities	1,934	-	1,934
Repayment	(2,803)	(96)	(2,899)
Interest paid	(168)	-	(168)
Other changes:			
- Accretion of interest	168	-	168
At end of financial year	<u>2,775</u>	<u>1,214</u>	<u>3,989</u>
<b>2022</b>			
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)	-	(419)
Other changes:			
- Accretion of interest	419	-	419
At end of financial year	<u>3,644</u>	<u>1,310</u>	<u>4,954</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2023

## 1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main 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 Suites 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 to its subsidiaries. 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 10 October 2023.

## 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.

### 2.2 Changes in accounting policies

The significant accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following Amendments to MFRSs, effective for financial periods beginning on or after 1 January 2022:

- Amendments to MFRS 3: Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract
- Amendments to MFRS 1, MFRS 9, MFRS 16, MFRS 141 – Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above Amendments to MFRSs did not have any significant effect on the financial performance or position of the Group and the Company.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**2. Significant accounting policies (contd.)****2.3 Standards issued but not yet effective**

At the date of authorisation of these financial statements, the following new MFRS and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group and the Company:

**Effective for financial periods beginning on or after 1 January 2023:**

- MFRS 17: Insurance Contracts
- Amendments to MFRS 4: Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 17: Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

**Effective for financial periods beginning on or after 1 January 2024:**

- Amendments to MFRS 101: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to MFRS 16: Leases – Lease Liability in a Sale and Leaseback

**Effective date yet to be determined:**

- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

The new MFRS and Amendments to MFRSs above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of the above new MFRS and Amendments to MFRSs.



## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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:

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.



## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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 licenses with allocated spectrum**

For the Group's telecommunication licenses with allocated spectrum that was acquired as part of a business combination, the fair value of telecommunication licenses with allocated spectrum as at the date of business combination was deemed as its cost. Following the initial recognition, telecommunication licenses with allocated spectrum are carried at cost less any accumulated impairment losses. The telecommunication licenses with allocated spectrum were written off in the current year.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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. Management has assessed the useful life of the spectrum rights to be 2 years which is aligned to management's business plans and regulatory conditions. 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.



## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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 - 9 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).

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.



## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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 construct, maintain and provide support services 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.

##### (iii) Non-operating spectrum related income

Non-operating spectrum related income relates to the fees for utilising the spectrums.

##### (iv) Cloud and Internet of Things ("IoT")

Revenue from cloud and IoT mainly comprise revenue from data centre services, cloud services and applications and IoT services. 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.

##### (3) Rental income

Rental income is recognised on an accrual basis.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**2. Significant accounting policies (contd.)****2.4 Summary of significant accounting policies (contd.)****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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.



## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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.

###### (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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**2. Significant accounting policies (contd.)****2.4 Summary of significant accounting policies (contd.)****2.4.23 Taxes (contd.)****(3) Indirect taxes (contd.)**

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.

**2.5 Significant accounting estimates and judgements****2.5.1 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 commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. 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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 2. Significant accounting policies (contd.)

#### 2.5 Significant accounting estimates and judgements (contd.)

##### 2.5.1 Key sources of estimation uncertainty (contd.)

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: (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 Managed Telecommunications Network Services ("MTNS") - Construction and maintenance and support services of telecommunication infrastructures and USP sites

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

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 estimated 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.

##### 2.5.2 Critical judgements made in applying accounting policies

No judgements were made by management in the process of applying the Group's accounting policies.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**3. Revenue**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue from contract with customers	214,654	158,042

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Type of goods or services</u></b>		
Telecommunications services	48,234	40,841
Managed Telecommunications Network Services	103,431	80,052
Non-operating spectrum related income	58,085	32,826
Cloud and Internet of Things	4,904	4,323
	<u>214,654</u>	<u>158,042</u>

**Timing of revenue recognition**

At a point in time	14,879	11,075
Over time	199,775	146,967
	<u>214,654</u>	<u>158,042</u>

## Notes to the Financial Statements

30 June 2023

(Cont'd)

## 4. Other income

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income				
- Subsidiaries and associates	-	56	629	757
- Others	1,276	763	12	-
Dividend income	1,506	435	24,006	24,935
Office rental income	91	82	-	-
Fair value gain on short term investment	22,421	993	22,421	993
Investment income	1,896	3,137	1,896	3,137
Miscellaneous income	136	689	-	-
	<u>27,326</u>	<u>6,155</u>	<u>48,964</u>	<u>29,822</u>

Miscellaneous income include wages subsidy of Nil (2022: RM441,000), which was an incentive given under the Short-Term Economic Recovery Plan from PERKESO.

## 5. Finance costs

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Accretion of interest for				
- leases (Note 29)	168	419	-	-
- sundry payables	3,098	-	-	-
Interest expense on:				
- Bank overdrafts	8	1	-	-
- Term loans	65	58	-	-
- Bank guarantees	217	524	-	-
- Advances from subsidiaries	-	-	752	967
Others	78	77	-	-
	<u>3,634</u>	<u>1,079</u>	<u>752</u>	<u>967</u>

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**6. Profit before tax**

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Audit fee:				
- statutory audits				
- auditors of the Company (Ernst & Young PLT)	372	384	114	110
- other auditors	36	6	-	-
- other services				
- auditors of the Company (Ernst & Young PLT)	19	35	8	7
- other auditors	6	-	-	-
Amortisation of:				
- development costs (Note 15)	-	20	-	-
- intangible assets (Note 14)	30,075	13	-	-
Depreciation of:				
- property, plant and equipment (Note 12)	2,156	5,100	-	-
- right-of-use assets (Note 29)	2,390	6,311	-	-
Impairment of:				
- property, plant and equipment (Note 12)	67	1,775	-	-
- intangible assets (Note 14)	5,086	-	-	-
- right-of-use assets (Note 29)	704	850	-	-
- investments in subsidiaries (Note 16)	-	-	-	90
- investments in associate (Note 17)	-	-	-	1,322
Directors' remuneration (Note 8)	2,868	2,872	752	858
Employee benefits expense (Note 7)	27,740	26,310	752	865
Fair value gain on an investment properties (Note 13)	(20)	-	-	-
Loss/(gain) on foreign exchange	126	(86)	-	-
(Write back of)/allowance for ECL for:				
- trade receivables (Note 21)	(2,011)	3,802	-	-
- other receivables (Note 21)	21	3,526	(12)	11,031
Provision for Universal Service Fund Contribution (Note 30(c))	1,271	1,095	-	-
Net (write back)/expense of annual leave accruals	(222)	207	-	-
Inventories (written back)/written down	(69)	143	-	-



## Notes to the Financial Statements

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**6. Profit before tax (contd.)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss on disposal of property, plant and equipment (Note 12)	-	8	-	-
Property, plant and equipment written off (Note 12)	3	33	-	-
Expenses relating to leases:				
- short-term lease expenses	920	793	-	-
- expenses for leases of low-value assets	155	182	-	-

**7. Employee benefits expense**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries, wages, bonuses and allowances	23,918	22,378	744	856
Defined contribution plan	2,746	2,515	7	8
Social security contribution	237	228	1	1
Other benefits	839	1,189	-	-
	<b>27,740</b>	<b>26,310</b>	<b>752</b>	<b>865</b>

**8. Directors' remuneration**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive directors' remuneration:				
- Salaries and bonuses	1,713	1,676	-	-
- Other emoluments	350	338	-	-
	<b>2,063</b>	<b>2,014</b>	<b>-</b>	<b>-</b>
Non-executive directors' remuneration:				
- Fees	733	780	680	780
- Other emoluments	72	78	72	78
	<b>805</b>	<b>858</b>	<b>752</b>	<b>858</b>
Total directors' remuneration	<b>2,868</b>	<b>2,872</b>	<b>752</b>	<b>858</b>

## Notes to the Financial Statements

30 June 2023

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## 9. Taxation

The major components of income tax expense are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	16,932	16,584	681	665
- Under/(over) provision in prior years	188	(1,483)	(5)	(6)
	<u>17,120</u>	<u>15,101</u>	<u>676</u>	<u>659</u>
Deferred tax (Note 19):				
- Origination and reversal of temporary differences	2,598	(224)	5,255	-
- Under provision in prior year	96	1,115	-	-
	<u>2,694</u>	<u>891</u>	<u>5,255</u>	<u>-</u>
Total income tax expense	<u>19,814</u>	<u>15,992</u>	<u>5,931</u>	<u>659</u>

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		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax	74,993	56,468	45,909	14,874
Taxation at Malaysian statutory tax rate of 24%	17,998	13,552	11,018	3,570
Different tax rates in other countries	12	(148)	-	-
Income not subject to tax	(419)	(4,613)	(5,764)	(4,423)
Expenses not deductible	1,113	4,160	516	428
Effect on income taxed under real property gain tax	(2)	-	-	-
Utilisation of previously unrecognised deferred tax assets	(897)	-	-	-
Deferred tax assets not recognised during the financial year	1,725	3,409	166	1,090
Under/(over) provision of income tax in prior years	188	(1,483)	(5)	(6)
Under provision of deferred tax in prior years	96	1,115	-	-
Income tax expense for the financial year	<u>19,814</u>	<u>15,992</u>	<u>5,931</u>	<u>659</u>

## Notes to the Financial Statements

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(Cont'd)

**9. Taxation (contd.)**

Current income tax is calculated at the statutory tax rate of 24% (2022: 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.

	<b>Group 2023</b>	<b>2022</b>
Profit attributable to owners of the parent (RM'000)	57,465	39,458
Weighted average number of ordinary shares in issue with voting rights ('000)	<u>772,952</u>	<u>772,952</u>
Basic earnings per share (sen):	<u>7.43</u>	<u>5.10</u>

**(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.

## Notes to the Financial Statements

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## 11. Goodwill

	Group	
	2023	2022
	RM'000	RM'000
Net carrying amount	423	423

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

	Group	
	2023	2022
	RM'000	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 based on the Earning Before Interest, Tax, Depreciation, and Amortisation ("EBITDA") margin and discount rate of 11.50% (2022: 10.50%). 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.

# Notes to the Financial Statements

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(Cont'd)

## 12. Property, plant and equipment

	Office lots		Computers		Furniture, fittings and office equipment		Equipment, plant and machinery		Renovation		Motor vehicles		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>														
<b>2023</b>														
<b>Cost</b>														
At 1 July 2022	5,498		6,791		1,025		40,635		2,618		184		56,751	
Additions	-		253		63		15,826		5		-		16,147	
Written off	-		(4,202)		(34)		(23,033)		-		-		(27,269)	
At 30 June 2023	5,498		2,842		1,054		33,428		2,623		184		45,629	
<b>Accumulated depreciation</b>														
At 1 July 2022	1,614		6,143		972		38,729		2,577		184		50,219	
Charge for the year (Note 6)	118		89		30		1,894		25		-		2,156	
Written off	-		(4,202)		(34)		(23,030)		-		-		(27,266)	
At 30 June 2023	1,732		2,030		968		17,593		2,602		184		25,109	
<b>Accumulated impairment</b>														
At 1 July 2022	-		553		-		1,222		-		-		1,775	
Impairment during the year (Note 6)	-		-		-		65		2		-		67	
At 30 June 2023	-		553		-		1,287		2		-		1,842	
<b>Net carrying amount</b>	3,766		259		86		14,548		19		-		18,678	

## Notes to the Financial Statements

30 June 2023

(Cont'd)

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

Group	Furniture, fittings and office equipment		Equipment, plant and machinery		Renovation		Motor vehicles		Total
	Office lots RM'000	Computers RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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

## Notes to the Financial Statements

30 June 2023

(Cont'd)

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

The office lots (as disclosed above) 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 RM23,091,000 (2022: fully depreciated of RM44,508,000).

In the previous financial year, an impairment test was performed on the plant and equipment and right-of-use assets of REDtone Telecommunications Sdn. Bhd. as the Company's revenue and margins was on a declining trend which consequently resulted in a loss before tax position. Arising from the impairment assessment, it was noted that the carrying amount exceeded the recoverable amount and an impairment of RM2,625,736 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 had 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 11.50% and 30% respectively. No terminal value was applied in view of the finite life of the assets under review.

**13. Investment properties**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Office lots, at fair value		
At beginning of financial year	1,180	1,180
Fair value gain recognised in profit or loss (Note 6)	20	-
At end of financial year	<u>1,200</u>	<u>1,180</u>

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.



## Notes to the Financial Statements

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(Cont'd)

**13. Investment properties (contd.)**

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

	<b>Valuation method</b>	<b>Fair value measurement using significant unobservable inputs (Level 3) RM'000</b>
Office lots, at fair value	Comparison method	1,200

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.

## Notes to the Financial Statements

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## 14. Intangible assets

	Cloud service platform RM'000	Telecommu- nications licences RM'000	Spectrum rights RM'000	Total RM'000
<b>Group</b>				
<b>2023</b>				
<b>Cost</b>				
At 1 July 2022	250	24,670	11,760	36,680
Addition	-	-	55,546	55,546
Written off	-	(24,670)	-	(24,670)
At 30 June 2023	250	-	67,306	67,556
<b>Accumulated amortisation and impairment</b>				
At 1 July 2022	250	24,670	-	24,920
Amortisation (Note 6)	-	-	30,075	30,075
Impairment (Note 6)	-	-	5,086	5,086
Written off	-	(24,670)	-	(24,670)
At 30 June 2023	250	-	35,161	35,411
Analysed as:				
Accumulated amortisation	250	-	30,075	30,325
Accumulated impairment	-	-	5,086	5,086
	250	-	35,161	35,411
<b>Net carrying amount</b>	-	-	32,145	32,145
<b>2022</b>				
<b>Cost</b>				
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
<b>Accumulated amortisation and impairment</b>				
At 1 July 2021	237	24,670	-	24,907
Amortisation (Note 6)	13	-	-	13
At 30 June 2022	250	24,670	-	24,920
Analysed as:				
Accumulated amortisation	250	-	-	250
Accumulated impairment	-	24,670	-	24,670
	250	24,670	-	24,920
<b>Net carrying amount</b>	-	-	11,760	11,760

## Notes to the Financial Statements

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**14. Intangible assets (contd.)**

Spectrum rights consists of both upfront and annual fees for the spectrum assignment for the frequency band of 2,500MHz paired with 2,600MHz ("2600 SA") from 1 July 2022 to 30 June 2027 and 2,300 MHz to 2,390 MHz ("2300 SA") from 1 January 2023 to 31 December 2027. Management has assessed the useful life for both spectrum rights to be 2 years which is aligned to management's business plans and regulatory conditions.

As at the reporting date, there were indications of impairment for the 2300 SA as the expected recoverable amount determined using the value-in-use was lower than the carrying amount of the spectrum assignment fees. Accordingly, management has recognised an impairment of RM5,086,000 during the current financial year.

**15. Development costs**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
At beginning of financial year	8,344	8,344
Written off	(3,064)	-
At end of financial year	<u>5,280</u>	<u>8,344</u>
<b>Accumulated amortisation and impairment</b>		
At beginning of financial year	8,344	8,324
Amortisation (Note 6)	-	20
Written off	(3,064)	-
At end of financial year	<u>5,280</u>	<u>8,344</u>
<b>Analysed as:</b>		
Accumulated amortisation	3,627	6,691
Accumulated impairment	1,653	1,653
	<u>5,280</u>	<u>8,344</u>
<b>Net carrying amount</b>	<u>-</u>	<u>-</u>

## Notes to the Financial Statements

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## 16. Investments in subsidiaries

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	12,494	2,994
ESOS granted to employees of subsidiary companies	10,367	10,367
	22,861	13,361
Accumulated impairment losses	(3,894)	(3,894)
	18,967	9,467

On 30 May 2023, the Company had increased their investment in REDtone Engineering & Network Services Sdn. Bhd. ("RENS") with a cash consideration of RM9.5 million. RENS has then issued and allotted 9,500,000 new ordinary shares at RM1.00 per share to the Company.

The details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of effective interest held		Principal activities
		2023 %	2022 %	
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")	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	Provision of 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 telecommunication 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.

## Notes to the Financial Statements

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## 16. Investments in subsidiaries (contd.)

Name of subsidiary companies	Country of incorporation	Proportion of effective interest held		Principal activities
		2023	2022	
		%	%	
<b>Held through STT</b>				
REDtone Mytel Sdn. Bhd. ^	Malaysia	60	60	To provide 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.
<b>Held through RENS</b>				
Bytebuilder Sdn. Bhd. ("BBSB") ^	Malaysia	60	60	Provision of fibre optic transmission network services and project management services relating to telecommunications.

^ These subsidiary companies are audited by another firm of chartered accountants.

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## 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:

Name	Equity interest held by non-controlling interests	
	2023 %	2022 %
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 RM'000	RDC RM'000	BBSB RM'000
<b>At 30 June 2023</b>			
Non-current assets	3,307	-	-
Current assets	79,737	2,985	39
Non-current liabilities	(3,002)	(144)	-
Current liabilities	(39,899)	(16,308)	(3,170)
Net assets/(liabilities)	40,143	(13,467)	(3,131)
<b>Year ended 30 June 2023</b>			
Revenue	11,530	4,013	166
Loss for the financial year	(7,785)	(1,875)	(184)
<b>Year ended 30 June 2023</b>			
Net cash generated from/(used in):			
Operating activities	2,346	751	(58)
Investing activities	(3,485)	-	-
Financing activities	21,355	(789)	-
Net change in cash and cash equivalents	20,216	(38)	(58)

## Notes to the Financial Statements

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(Cont'd)

## 16. Investments in subsidiaries (contd.)

## (a) Subsidiary companies with material non-controlling interests (contd.)

	STE RM'000	RDC RM'000	BBSB RM'000
<b>At 30 June 2022</b>			
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)	<u>50,371</u>	<u>(11,592)</u>	<u>(2,947)</u>
<b>Year ended 30 June 2022</b>			
Revenue	<u>40,027</u>	<u>3,625</u>	<u>2,601</u>
Profit/(loss) for the financial year	<u>12,207</u>	<u>(1,342)</u>	<u>(2,680)</u>
<b>Year ended 30 June 2022</b>			
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	<u>11,953</u>	<u>(56)</u>	<u>(1,147)</u>

## 17. Investments in associates

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 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)	(3,305)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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(Cont'd)

## 17. Investments in associates (contd.)

In the previous financial year, management had performed an impairment assessment on REDtone MEX Sdn. Bhd. ("REX") Sdn. Bhd. as it continued to be in a loss making position. Management had determined the recoverable amount based on value in use calculation using cashflow projections from financial budgets approved by management covering a three-year period and noted that the carrying amount exceeded the recoverable amount. Accordingly, 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		Principal activities
		2023 %	2022 %	
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:

	2023 RM'000	2022 RM'000
RTN	1,035	1,031
STES	20	18
REX	7,970	7,357

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**17. Investments in associates (contd.)**

The summarised financial information of the material associated company are as follows:

**Summarised statement of financial position of REX**

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets and liabilities</b>		
Current assets	269	211
Non-current assets	5	11
Current liabilities	(10,266)	(9,120)
<b>Net liabilities</b>	<b>(9,992)</b>	<b>(8,898)</b>

**Summarised statement of comprehensive income of REX**

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	121	136
Loss for the financial year, representing total comprehensive loss for the financial year	(1,094)	(3,954)

**Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in REX:**

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Net liabilities at beginning of year	(8,898)	(4,944)
Loss for the year	(1,094)	(3,954)
Net liabilities at the end of year	(9,992)	(8,898)
Group's equity interest	56%	56%
Interest in associate company	(5,596)	(4,983)
Group's share of net liabilities	5,596	4,983
Carrying amount	-	-

## Notes to the Financial Statements

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## 18. Other investments

	Group/Company	
	2023	2022
	RM'000	RM'000
At fair value through other comprehensive income ("FVTOCI")		
- Shares quoted in Malaysia	27,204	38,360
- Shares quoted outside Malaysia	6,784	-
	<u>33,988</u>	<u>38,360</u>

During the financial year, the Group and the Company recognised the fair value changes of investments classified as FVTOCI, amounting to a loss of RM7,907,000 (2022: gain of RM13,905,000) to the FVTOCI reserve.

During the financial year, the Group and the Company disposed of certain equity investments as part of their financial management plan. The fair value of the investments at the date of the disposal was RM7,020,000, and the accumulated gain of RM3,314,000 was then transferred to retained earnings.

Further details on fair value hierarchy and classification of equity investments are disclosed in Note 34(f).

## 19. Deferred tax

	Group	
	2023	2022
	RM'000	RM'000
At beginning of financial year	(594)	(1,485)
Recognised in the statements of profit or loss (Note 9)	2,694	891
At end of financial year	<u>2,100</u>	<u>(594)</u>
Presented in the statements of financial position as follows:		
Deferred tax assets	(3,155)	(594)
Deferred tax liabilities	5,255	-
	<u>2,100</u>	<u>(594)</u>

## Deferred tax assets of the Group:

	Intangible assets RM'000	Provisions and lease liabilities RM'000	Total RM'000
At 1 July 2022	-	(3,241)	(3,241)
Recognised in the statements of profit or loss	(2,348)	2,012	(336)
At 30 June 2023	<u>(2,348)</u>	<u>(1,229)</u>	<u>(3,577)</u>
Less: Offset against deferred tax liabilities			<u>422</u>
			<u>(3,155)</u>
At 1 July 2021	-	(4,951)	(4,951)
Recognised in the statements of profit or loss	-	1,710	1,710
At 30 June 2022	<u>-</u>	<u>(3,241)</u>	<u>(3,241)</u>
Less: Offset against deferred tax liabilities			<u>2,647</u>
			<u>(594)</u>

## Notes to the Financial Statements

30 June 2023

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## 19. Deferred tax (contd.)

## Deferred tax liabilities of the Group:

	Short term investments RM'000	Property, plant and equipment and right-of-use assets RM'000	Total RM'000
At 1 July 2022	-	2,647	2,647
Recognised in the statements of profit or loss	5,255	(2,225)	3,030
At 30 June 2023	5,255	422	5,677
Less: Offset against deferred tax assets			(422)
			5,255
At 1 July 2021	-	3,466	3,466
Recognised in the statements of profit or loss	-	(819)	(819)
At 30 June 2022	-	2,647	2,647
Less: Offset against deferred tax assets			(2,647)
			-

## Deferred tax liabilities of the Company:

	Other investments RM'000
At 1 July 2021/30 June 2022/1 July 2022	-
Recognised in the statements of profit or loss	5,255
At 30 June 2023	5,255

Deferred tax assets of the Group and of the Company have not been recognised in respect of the following items:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised tax losses	25,628	19,489	-	-
Unabsorbed capital allowances	2,277	1,227	-	-
Other deductible temporary differences	16,463	20,202	-	-
	44,368	40,918	-	-

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.

## Notes to the Financial Statements

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(Cont'd)

### 19. Deferred tax (contd.)

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.

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.

The unutilised tax losses at the end of the reporting period will expire as follows:

	Group	
	2023	2022
	RM'000	RM'000
Within 10 years	6,139	3,719
Within 9 years	5,096	2,273
Within 8 years	2,273	2,731
Within 7 years	2,731	1,971
Within 6 years	1,971	1,885
Within 5 years	1,885	5,533
Within 4 years	5,533	-
	<u>25,628</u>	<u>18,112</u>

### 20. Inventories

	Group	
	2023	2022
	RM'000	RM'000
Net realisable value		
Finished goods	<u>518</u>	<u>476</u>

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM9,982,000 (2022: RM9,020,000).

## Notes to the Financial Statements

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## 21. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	53,937	42,571	-	-
Less: Allowance for expected credit loss	(2,607)	(4,630)	-	-
Trade receivables, net	51,330	37,941	-	-
<b>Current</b>				
<b>Other receivables</b>				
Third parties	3,920	2,744	-	-
Amount due from associated companies	5,561	5,533	5,202	5,202
Amounts due from subsidiary companies	-	-	41,050	62,805
Deposits	2,061	2,223	-	-
Prepayments (Note 21(a))	33,183	1,647	63	12
Sundry receivables (Note 21(b))	7,224	219	7,020	104
	51,949	12,366	53,335	68,123
Less: Allowance for expected credit loss	(5,595)	(5,574)	(15,411)	(15,423)
Other receivables, net	46,354	6,792	37,924	52,700
	97,684	44,733	37,924	52,700
Total trade and other receivables	97,684	44,733	37,924	52,700
Add: Cash and bank balances (Note 24)	116,989	78,318	4,961	1,337
Less: Prepayments	(33,183)	(1,647)	(63)	(12)
Total financial assets carried at amortised cost	181,490	121,404	42,822	54,025

## (a) Prepayments

Prepayments relate to advances made to suppliers for services and purchase of equipment for the new contracts secured in the current year.

## (b) Sundry receivables

Included in sundry receivables are proceeds receivable relating to the disposal of equity investments measured at FVTOCI amounting to RM7,020,000. Please refer to Note 18 for further details.

## Notes to the Financial Statements

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(Cont'd)

**21. Trade and other receivables (contd.)**Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables are as follows:

	<b>Gross carrying amount at default RM'000</b>	<b>Allowance for expected credit loss RM'000</b>	<b>Net carrying amount RM'000</b>
<b>Group</b>			
<b>2023</b>			
Current	32,251	-	32,251
1 to 30 days	2,689	-	2,689
31 to 60 days	10,702	-	10,702
61 to 90 days	1,705	-	1,705
91 to 120 days	579	-	579
More than 121 days	6,011	(2,607)	3,404
Total	<u>53,937</u>	<u>(2,607)</u>	<u>51,330</u>
<b>2022</b>			
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	<u>42,571</u>	<u>(4,630)</u>	<u>37,941</u>

The Group's trade receivables are non-interest bearing and are subject to normal trade credit terms ranging from 30 to 60 days (2022: 30 to 60 days). They are recognised at their original invoice amounts which represents their fair value on initial amount. More than 93% (2022: 89%) of the Group's trade receivables arise from customers with more than 5 years of business relationship with the Group and there is no concern on the credit-worthiness of the counterparties and the recoverability of these debts.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**21. Trade and other receivables (contd.)**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:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables</b>				
At beginning of financial year	4,630	845	-	-
Net (write back of)/allowance for expected credit loss (Note 6)	(2,011)	3,802	-	-
Written off	(12)	(17)	-	-
At end of financial year	<u>2,607</u>	<u>4,630</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
At beginning of financial	5,574	2,048	15,423	4,392
Net allowance for/(write back of) expected credit loss (Note 6)	21	3,526	(12)	11,031
At end of financial year	<u>5,595</u>	<u>5,574</u>	<u>15,411*</u>	<u>15,423</u>

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.

\*The total of RM15,411,000 (2022: RM15,423,000) comprises of allowance for expected credit loss of RM10,209,000 (2022: RM10,221,000) relates to amount due from subsidiary companies and RM5,202,000 (2022: RM5,202,000) relates to amount due from associate companies.

**(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 (2022: two) customers representing approximately 83% (2022: 76%) 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. (2022: 2.75% p.a.), unsecured and are repayable on demand.

**(c) Amount due from associated companies**

Amount due from associated companies are non-trade in nature, interest-bearing at 2.75% p.a. (2022: 2.75% p.a.), unsecured and are repayable on demand.



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## 22. Contract assets/liabilities

	Group	
	2023	2022
	RM'000	RM'000
<b>Current</b>		
Contract assets	46,301	63,547
Contract liabilities	(49,758)	(6,223)

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	
	2023	2022
	RM'000	RM'000
<b>Contract assets and contract liabilities</b>		
At beginning of financial year	57,324	70,297
Revenue recognised during the financial year	184,154	108,058
Billings during the financial year	(244,935)	(121,031)
At end of financial year	(3,457)	57,324

The transaction price allocated to the remaining performance obligations as at the reporting date is as follows:

	Group	
	2023	2022
	RM'000	RM'000
Within one year	297,041	88,465
More than one year	410,174	44,363
	707,215	132,828

## Notes to the Financial Statements

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## 23. Short term investments

	Group and Company	
	2023 RM'000	2022 RM'000
<b>Fair value through profit or loss</b>		
Equity instruments quoted in Malaysia	70,000	50,007

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		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash in hand and at banks	86,331	49,377	2,786	351
Deposits with licensed banks	30,658	28,941	2,175	986
	116,989	78,318	4,961	1,337
Less: Deposits pledged to licensed banks	(28,483)	(27,955)	-	-
<b>Total cash and cash equivalents</b>	<b>88,506</b>	<b>50,363</b>	<b>4,961</b>	<b>1,337</b>

The interest rates per annum of deposits with licensed banks at the reporting date were as follows:

	Group	
	2023	2022
Deposits with licensed banks	2.31%	1.56%

The average maturity of deposits with licensed banks at the reporting date were as follows:

	Group	
	2023 Days	2022 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.

## Notes to the Financial Statements

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## 25. Share capital

## Issued and fully paid-up:

	Group/Company		Amount	
	Number of shares		2023	2022
	2023	2022	2023	2022
			RM'000	RM'000

## Ordinary shares

At beginning and end of financial year

782,453,885	782,453,885	149,813	149,813
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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		Amount	
	Number of shares		2023	2022
	2023	2022	2023	2022
			RM'000	RM'000

At beginning and end of financial year	9,502,000	9,502,000	5,653	5,653
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## 27. Reserves

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000

Retained profits/(accumulated losses)	101,086	54,220	(16,811)	(46,190)
Foreign exchange reserve (a)	(662)	(663)	-	-
Revaluation reserve (b)	641	641	-	-
FVTOCI reserve (c)	8,530	19,751	8,530	19,751
	<u>109,595</u>	<u>73,949</u>	<u>(8,281)</u>	<u>(26,439)</u>

## (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.

## Notes to the Financial Statements

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(Cont'd)

**27. Reserves (contd.)****(b) Revaluation reserve**

The revaluation reserve arose from the revaluation of office lots when the 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**

		<b>Group</b>	
		<b>2023</b>	<b>2022</b>
	<b>Maturity</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>			
Secured:			
Term loans:-			
Fixed loan 1 at BLR -1.65% p.a.	2024	15	14
Fixed loan 2 at BLR -1.65% p.a.	2024	35	33
Refinancing loan 1 at BLR -1.65% p.a.	2024	12	11
Refinancing loan 2 at BLR -1.65% p.a.	2024	28	27
Refinancing loan 3 at BLR -1.65% p.a.	2024	12	12
		<u>102</u>	<u>97</u>
<b>Non-current</b>			
Secured:			
Term loans:-			
Fixed loan 1 at BLR -1.65% p.a.	2025 - 2029	155	170
Fixed loan 2 at BLR -1.65% p.a.	2025 - 2029	365	400
Refinancing loan 1 at BLR -1.65% p.a.	2025 - 2029	138	150
Refinancing loan 2 at BLR -1.65% p.a.	2025 - 2029	315	343
Refinancing loan 3 at BLR -1.65% p.a.	2025 - 2029	139	150
		<u>1,112</u>	<u>1,213</u>
<b>Total loans and borrowings</b>			
Secured:			
Fixed loan 1 at BLR -1.65% p.a.		170	184
Fixed loan 2 at BLR -1.65% p.a.		400	433
Refinancing loan 1 at BLR -1.65% p.a.		150	161
Refinancing loan 2 at BLR -1.65% p.a.		343	370
Refinancing loan 3 at BLR -1.65% p.a.		151	162
		<u>1,214</u>	<u>1,310</u>

## Notes to the Financial Statements

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**28. Loans and borrowings (contd.)**

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
On demand or within one year	102	97
More than 1 year and less than 2 years	107	102
More than 2 years and less than 5 years	297	219
5 years or more	708	892
	<b>1,214</b>	<b>1,310</b>

Term loans

The term loans are secured by:

- (i) a first party legal charge over the Group's 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.

## Notes to the Financial Statements

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**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
<b>Group</b>					
<b>At 30 June 2023</b>					
Leasehold office lots	366	-	(14)	-	352
Warehouse and sites	1,567	1,836	(1,432)	(207)	1,764
Equipment and machinery	534	98	(572)	-	60
Computer servers	869	-	(372)	(497)	-
Total	3,336	1,934	(2,390)	(704)	2,176

**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 servers	1,669	-	(515)	(285)	869
Total	7,886	2,611	(6,311)	(850)	3,336

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year	3,644	7,428
Additions	1,934	2,611
Accretion of interest	168	419
Lease payments	(2,971)	(6,814)
At end of financial year	2,775	3,644
Analysed as:		
- Current	1,228	2,568
- Non-current	1,547	1,076
	2,775	3,644

The Group has total cash outflow for leases including short-term and low-value lease amounting to RM4,046,000 (2022: RM7,789,000).

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## 30. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
<u>Other payable</u>				
Sundry payables (Note 30(d))	23,056	-	-	-
<b>Current</b>				
<u>Trade payables</u>				
Third parties	12,838	2,506	-	-
Accruals	32,724	43,000	-	-
	45,562	45,506	-	-
<u>Other payables</u>				
Amounts due to subsidiary companies	-	-	24,483	33,762
Provision for Universal Service Fund Contribution ("USOF") (Note 30(c))	7,010	6,122	-	-
Accruals	4,823	4,833	127	138
Deposits payable	1,740	1,796	-	-
Sundry payables (Note 30(d))	24,402	1,538	63	217
	37,975	14,289	24,673	34,117
Total current	83,537	59,795	24,673	34,117
Total trade and other payables	106,593	59,795	24,673	34,117
Add: loans and borrowings (Note 28)	1,214	1,310	-	-
Add: lease liabilities (Note 29)	2,775	3,644	-	-
Less: provision for USOF	(7,010)	(6,122)	-	-
Total financial liabilities carried at amortised cost	103,572	58,627	24,673	34,117

## (a) Trade payables

Trade payables are interest-bearing and the normal trade credit terms granted to the Group range from 30 to 60 (2022: 30 to 60) days.

## (b) Amounts due to subsidiary companies

Amounts due to subsidiary companies are non-trade in nature, interest-bearing at 2.75% p.a. (2022: 2.75% p.a.), unsecured and are repayable on demand.

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## 30. Trade and other payables (contd.)

## (c) Provision for USOF

	Group	
	2023	2022
	RM'000	RM'000
At beginning of financial year	6,122	6,671
Recognised in the statements of profit or loss and other comprehensive income (Note 6)	1,271	1,095
Payment	(383)	(1,644)
At end of financial year	<u>7,010</u>	<u>6,122</u>

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.

## (d) Sundry payables

Sundry payables relate to annual fees payable to the Malaysian Communications and Multimedia Commission ("MCMC") in relation to the 2600 SA and 2300 SA. Further details of the 2600 SA and 2300 SA is disclosed in Note 14.

## 31. Commitment

	Group	
	2023	2022
	RM'000	RM'000
<b>Capital commitment</b>		
Approved and contracted for:		
- Property, plant and equipment	<u>459</u>	<u>208</u>

## 32. Guarantees

	Group	
	2023	2022
	RM'000	RM'000
Performance bonds in favour of various government and statutory bodies and private companies	<u>153,632</u>	<u>38,707</u>

The Company provided corporate guarantees amounting to RM154,846,000 (2022: RM40,017,000) 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.



## Notes to the Financial Statements

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## 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 2023 RM'000	2022 RM'000
<b>Revenue:</b>			
<u>Wireless broadband:</u>			
- BCorp	b	23	28
- Berjaya Land Berhad	c	23	23
- Berjaya Sompo Insurance Berhad	d	967	1,048
- Sports Toto Berhad	c	23	23
- Berjaya Starbucks Coffee Company Sdn. Bhd.	c	8	9
- Berjaya Waterfront Sdn. Bhd.	e	62	62
- Inter-Pacific Securities Sdn. Bhd.	c	49	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	248	183
- Berjaya Hills Resort Berhad	c	474	-
- BTS Hotel Sdn. Bhd.	c	16	-
<u>Corporate voice:</u>			
- BCorp	b	26	27
- Berjaya Sompo Insurance Berhad	d	1	1
- Cempaka Properties Sdn. Bhd.	c	1	-
- Singer (Malaysia) Sdn. Bhd.	a	34	15
- STM Lottery Sdn. Bhd.	c	5	5
- U Mobile Sdn. Bhd.	a	32	45
<u>Data centre services:</u>			
- Berjaya Sompo Insurance Berhad	d	-	91
- Singer (Malaysia) Sdn. Bhd.	a	90	80
- BLoyalty Sdn. Bhd.	c	1,359	1,475
- Qinetics MSP Sdn. Bhd.	a	51	51
<u>Managed Telecommunications Network Services</u>			
- U Mobile Sdn. Bhd.	a	22,497	136
<b>Other income:</b>			
<u>Interest income from associates:</u>			
- REX		-	55
- STES		-	1
<b>Expenses:</b>			
<u>Qinetics Services Sdn. Bhd.</u>			
- Hardware maintenance	a	86	88
<u>BCorp</u>			
- Management fees	b	60	60
<u>Berjaya Registration Services Sdn. Bhd.</u>			
- Share registration	c	88	63

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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	Group	
		2023 RM'000	2022 RM'000
<b>Expenses (contd.):</b>			
<u>Berjaya Sompo Insurance Berhad</u>	d		
- General insurance		229	206
- Group hospital and surgical		-	31
<u>Berjaya Times Square Sdn. Bhd.</u>	e		
- Rental co-location		73	73
<u>E.V.A. Management Sdn. Bhd.</u>	c		
- Management fee		32	42
<u>U Mobile Sdn. Bhd.</u>	a		
- Staff handphone charges		91	98
- Interconnect charges		74	84
<u>BLoyalty Sdn. Bhd.</u>	c		
- Equipment rental		30	40
- E-Voucher		29	-
<u>Sun Media Corporation Sdn. Bhd.</u>	f		
- Advertisement		53	-
<u>Berjaya Construction Berhad</u>	c		
- Provision of civil engineering contracting works		24,899	-
<u>Inter-Pacific Securities Sdn. Bhd.</u>	c		
- Brokerage fees		9	-
<u>Berjaya Hartanah Berhad</u>	c		
- Room rental		14	-
		<hr/>	<hr/>
	Note	Company	
		2023 RM'000	2022 RM'000
<b>Other income:</b>			
<u>Interest income from subsidiaries and associates:</u>			
- RIOT		-	65
- RTC		629	584
- RDC		-	50
- REX		-	50
- STT		-	8
<b>Expenses:</b>			
<u>Interest charged by subsidiary:</u>			
- STE		693	967
- RENS		52	-
- STT		7	-
<u>Management fees:</u>			
- BCorp	b	60	60
<u>Administrative support cost:</u>			
- RTC		5	5
		<hr/>	<hr/>

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 33. Related party disclosures (contd.)

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.

#### Compensation of key management personnel

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	6,480	6,185	752	858

Included in compensation for key management personnel of the Group are directors' remuneration amounting to RM2,868,000 (2022: RM2,872,000) 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

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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

## 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:

Group									
	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		
<b>At 30 June 2023</b>									
Loans and borrowings	28	5.07%	102	107	297	708	1,214		
Lease liability	29	6.99%	1,228	391	505	651	2,775		
Deposits with licensed banks	24	2.31%	30,658	-	-	-	30,658		
<b>At 30 June 2022</b>									
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		

Notes to the Financial Statements  
30 June 2023  
(Cont'd)

34. Financial instruments (contd.) (b) Interest rate risk (contd.)	Company	At 30 June 2023	At 30 June 2022	Note	WAEIR %	Within 1 year RM'000
		Deposits with licensed banks	Deposits with licensed banks	24	2.31%	2,175
				24	1.56%	986

## Notes to the Financial Statements

30 June 2023

(Cont'd)

**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:

	<b>USD RM'000</b>
<b>Group</b>	
<b>At 30 June 2023</b>	
<b>Financial assets</b>	
Trade receivables	8
Cash and bank balances	2,827
	<u>2,835</u>
<b>Financial liabilities</b>	
Trade payables	(7,498)
Other payables and accruals	(24)
	<u>(7,522)</u>
Net financial liabilities	<u>(4,687)</u>
<b>At 30 June 2022</b>	
<b>Financial assets</b>	
Trade receivables	123
Cash and bank balances	1,983
	<u>2,106</u>
<b>Financial liabilities</b>	
Trade payables	(28)
Other payables and accruals	(22)
	<u>(50)</u>
Net financial assets	<u>2,056</u>

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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	
		2023	2022
		RM'000	RM'000
		(Decrease)/	Increase/
		increase	(decrease)
		in profit	in profit
		before tax	before tax
USD/RM	- strengthened 5%	(234)	103
	- weakened 5%	234	(103)

#### (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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

## 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
<b>Group</b>				
<b>30 June 2023</b>				
Loans and borrowings	157	610	708	1,475
Lease liabilities	1,364	1,166	727	3,257
Trade and other payables	76,527	23,850	-	100,377
Total undiscounted financial liabilities	78,048	25,626	1,435	105,109
<b>30 June 2022</b>				
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
<b>Company</b>				
<b>30 June 2023</b>				
Other payables and accruals, representing total undiscounted financial liabilities	24,673	-	-	24,673
<b>30 June 2022</b>				
Other payables and accruals, representing total undiscounted financial liabilities	34,117	-	-	34,117

## (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 ECL that represents the estimate of impairment in respect of the trade and other receivables, and contract assets. 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.



## Notes to the Financial Statements

30 June 2023

(Cont'd)

**34. Financial instruments (contd.)****(e) Credit risk (contd.)**

Further details on credit risk exposure from trade and other receivable, and contract asset is disclosed in Note 21 and Note 22, respectively.

Exposure to credit risk

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 allowance for ECL) as at the end of the reporting date.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2022: two) customers which constituted approximately 83% (2022: 76%) of its trade receivables at the end of the reporting date.

**(f) Fair values**

The following table shows an analysis of the financial instrument measured at fair value at the reporting date according to the level in the fair value hierarchy:

	Level 1 RM'000	Level 3 RM'000
<b>Group</b>		
<b><u>2023</u></b>		
<b>Financial asset at FVTOCI</b>		
Other investments (Note 18)	33,988	-
<b>Financial asset at FVTPL</b>		
Short term investment (Note 23)	70,000	-
Investment properties (Note 13)	-	1,200
	<hr/>	<hr/>
<b><u>2022</u></b>		
<b>Financial asset at FVTOCI</b>		
Other investments (Note 18)	38,360	-
<b>Financial asset at FVTPL</b>		
Short term investment (Note 23)	50,007	-
Investment properties (Note 13)	-	1,180
	<hr/>	<hr/>

## Notes to the Financial Statements

30 June 2023

(Cont'd)

## 34. Financial instruments (contd.)

## (f) Fair values (contd.)

The following table shows an analysis of the financial instrument measured at fair value at the reporting date according to the level in the fair value hierarchy: (contd.)

	<b>Level 1 RM'000</b>
<b>Company</b>	
<b><u>2023</u></b>	
<b>Financial asset at FVTOCI</b>	
Other investments (Note 18)	33,988
<b>Financial asset at FVTPL</b>	
Short term investment (Note 23)	<u>70,000</u>
<b><u>2022</u></b>	
<b>Financial asset at FVTOCI</b>	
Other investments (Note 18)	38,360
<b>Financial asset at FVTPL</b>	
Short term investment (Note 23)	<u>50,007</u>

Determination of fair value

Other investments and short term investment relate to quoted equity instruments in Malaysia and outside 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:

	<u>Note</u>
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.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 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 Cloud and IoT), 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.

	<b>Total operating revenue RM'000</b>	<b>Inter- segment RM'000</b>	<b>External operating revenue RM'000</b>
<b>Revenue</b>			
<b>2023</b>			
Telecommunications services	109,270	(2,951)	106,319
Managed telecommunications network services	181,487	(78,056)	103,431
Cloud and Internet of Things	6,364	(1,460)	4,904
	<u>297,121</u>	<u>(82,467)</u>	<u>214,654</u>
<b>2022</b>			
Telecommunications services	76,683	(3,016)	73,667
Managed telecommunications network services	144,326	(64,274)	80,052
Cloud and Internet of Things	5,055	(732)	4,323
	<u>226,064</u>	<u>(68,022)</u>	<u>158,042</u>

## Notes to the Financial Statements

30 June 2023

(Cont'd)

## 36. Segment information (contd.)

	2023 RM'000	2022 RM'000
<b>Results</b>		
Telecommunications services	28,471	30,259
Managed telecommunications network services	30,642	31,378
Cloud and Internet of Things	(5,462)	(4,288)
	<u>53,651</u>	<u>57,349</u>
Indirect corporate expenses	(2,212)	(1,742)
Profit from operations	<u>51,439</u>	<u>55,607</u>
Investment related income	27,210	5,466
Investment related expenses	(22)	(3,526)
Finance costs	(3,634)	(1,079)
Profit before tax	<u>74,993</u>	<u>56,468</u>
Taxation	<u>(19,814)</u>	<u>(15,992)</u>
Profit after tax	<u>55,179</u>	<u>40,476</u>
	<b>Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets and liabilities</b>		
<b>2023</b>		
Telecommunications services	52,301	116,898
Managed telecommunications network services	282,178	174,604
Cloud and Internet of Things	16,115	29,991
Inter-segment elimination	(230,015)	(190,728)
	<u>120,579</u>	<u>130,765</u>
Unallocated items	305,533	38,598
<b>Total assets and liabilities</b>	<u>426,112</u>	<u>169,363</u>
<b>2022</b>		
Telecommunications services	34,422	99,512
Managed telecommunications network services	306,853	172,305
Cloud and Internet of Things	12,934	25,007
Inter-segment elimination	(282,915)	(247,322)
	<u>71,294</u>	<u>49,502</u>
Unallocated items	226,673	25,076
<b>Total assets and liabilities</b>	<u>297,967</u>	<u>74,578</u>

**Major customers**

Revenue from two (2022: two) major customers amounted to RM69,509,000 and RM56,499,000 (2022: RM61,052,000 and RM32,826,000) respectively, arising from managed telecommunications network services and telecommunications services segments.

## Notes to the Financial Statements

30 June 2023

(Cont'd)

### 37. Dividend

	2023 RM'000	2022 RM'000
<b>Recognised during the financial year:</b>		
In respect of prior year,		
Interim tax exempt (single-tier) dividend of 1.8 sen per share approved in respect of financial year ended 30 June 2022 (2021: 1.8 sen per share)	13,913	13,913

On 24 August 2023, the Directors declared an interim dividend of 2.5 sen per ordinary share amounting to RM19,323,797 in respect of the financial year ended 30 June 2023 payable on 16 October 2023. The financial statements for the current financial year do 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 2024.

## 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 2023 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 73 to 158.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the 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, provide the basis of our audit opinion on the accompanying financial statements.

#### Revenue recognition

##### *(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 RM48,234,000 representing 22% 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.

**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 (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 (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*

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 of telecommunication infrastructure and USP sites which span more than one accounting period. Revenues from these long-term contracts amount to RM103,431,000, representing 48% of the Group's total revenue.

The Group recognises revenue for construction and maintenance and support services of telecommunication infrastructure and USP sites over time and uses the input method in measuring progress towards complete satisfaction of the performance obligation.

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).

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 (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 including controls performed by management in estimating the total estimated contract cost;
- We evaluated the assumptions applied in estimating the estimated cost and examined documentary evidence such as letter of awards issued to contractors, on a sampling basis;
- 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;
- 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
- For maintenance revenue, we reviewed the performance of the maintenance and support services to evidence such as acknowledgement by customers.

## 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.

**Independent Auditors' Report**  
 To the Members of REDtone Digital Berhad (Incorporated in Malaysia)  
 (Cont'd)

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.

**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.)*

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, 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

Kuala Lumpur, Malaysia  
10 October 2023

Chong Tse Heng  
No. 03179/05/2025 J  
Chartered Accountant

## LIST OF PROPERTIES

As at 30 June 2023

Beneficial Owner/ Location	Description/ Existing Use	Land/ Built-Up Area (square meters)	Tenure Leasehold/ Freehold	Approx. Age of Building (Years)	Carrying Amount as at 30 June 2023 (RM'000)	Date of Valuation/ Effective Year of Purchase
REDtone Telecommunications Sdn Bhd ("RTC")/ Unit No: 6-12, Storey: 6 <sup>th</sup> , Pusat Perdagangan KLH Menara KLH, Bandar Puchong Jaya, 47170 Puchong, Selangor Darul Ehsan	Office/ Vacant	N/A/ 86.0	Leasehold 99 years expiring on 22 Nov 2094	25	76	30 July 2023/ 10 Feb 1999
RTC/ Unit No: 6-13, Storey: 6 <sup>th</sup> , Pusat Perdagangan KLH Menara KLH, Bandar Puchong Jaya, 47170 Puchong, Selangor Darul Ehsan	Office/ Vacant	N/A/ 117.0	Leasehold 99 years expiring on 22 Nov 2094	25	80	N/A/ 10 Feb 1999
RTC/ Unit No: 6-13A, Storey: 6 <sup>th</sup> , Pusat Perdagangan KLH Menara KLH, Bandar Puchong Jaya, 47170 Puchong, Selangor Darul Ehsan	Office/ Vacant	N/A/ 94.0	Leasehold 99 years expiring on 22 Nov 2094	25	97	N/A/ 10 Feb 1999
RTC/ Unit No: 6-16, Storey: 6 <sup>th</sup> , Pusat Perdagangan KLH Menara KLH, Bandar Puchong Jaya, 47170 Puchong, Selangor Darul Ehsan	Office/ Vacant	N/A/ 129.0	Leasehold 99 years expiring on 22 Nov 2094	25	99	N/A/ 10 Feb 1999
RTC/ Unit No: 26 Storey: 2 <sup>nd</sup> , Pusat Perdagangan IOI Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Office/ Tenanted	N/A/ 137.0	Freehold	26	600	30 Jun 2023/ 1 Mar 2005
RTC/ Unit No: 27 Storey: 2 <sup>nd</sup> , Pusat Perdagangan IOI Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 314.0	Freehold	26	836	30 Apr 2009/ 1 Mar 2005

## List of Properties

As at 30 June 2023

(Cont'd)

Beneficial Owner/ Location	Description/ Existing Use	Land/ Built-Up Area (square meters)	Tenure Leasehold/ Freehold	Approx. Age of Building (Years)	Carrying Amount as at 30 June 2022 (RM'000)	Date of Valuation/ Effective Year of Purchase
RTC/ Unit No: 26 Storey: 3 <sup>rd</sup> , Pusat Perdagangan IOI Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Office/ Tenanted	N/A/ 137.0	Freehold	26	600	30 Jun 2022/ 16 Feb 2009
RTC/ Unit No: 27 Storey: 3 <sup>rd</sup> , Pusat Perdagangan IOI Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 300.0	Freehold	26	622	30 Jun 2023/ 16 Feb 2009
RTC/ Unit No: 23 Storey: 4 <sup>th</sup> , Pusat Perdagangan IOI Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 120.0	Freehold	26	161	30 Jun 2023/ 28 Mar 2005
RTC/ Unit No: 24 Storey: 4 <sup>th</sup> , Pusat Perdagangan IOI Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 145.0	Freehold	26	204	N/A/ 21 Jun 2005
RTC/ Unit No: 24, 25, 26, 27, 28, 29 & 30 Storey: 5 <sup>th</sup> , Pusat Perdagangan IOI Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 1,144	Freehold	26	1,428	N/A/ 29 Mar 2004
RTC/ Unit No: 28 Storey: 6 <sup>th</sup> , Pusat Perdagangan IOI Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Office/ Occupied	N/A/ 142.0	Freehold	26	515	31 Mar 2018/ 7 July 2005



## ANALYSIS OF SHAREHOLDINGS

As at 29 September 2023

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	302	5.436	8,297	0.001
100 – 1,000 shares	687	12.365	334,748	0.043
1,001 – 10,000 shares	2,472	44.492	14,054,904	1.818
10,001 – 100,000 shares	1,702	30.634	58,239,158	7.535
100,001 – less than 5% of issued shares	389	7.001	352,314,778	45.581
5% and above of issued shares	4	0.072	348,000,000	45.022
<b>TOTAL</b>	<b>5,556</b>	<b>100.000</b>	<b>772,951,885#</b>	<b>100.000</b>

# excluded 9,502,000 shares bought back and retained as Treasury Shares

### DIRECTORS' SHAREHOLDINGS

No.	Name	Direct	No. of Shares Held %	Indirect	%
1	YAM Tunku Tun Aminah Binti Sultan Ibrahim Ismail	–	–	–	–
2	Lau Bik Soon	2,810,360	0.36	–	–
3	Kua Choo Kai	–	–	–	–
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.	Name	Direct	No. of Shares Held %	Indirect	%
1	Juara Sejati Sdn Bhd	336,032,692	43.47	21,232,000 <sup>(1)</sup>	2.75
2	Berjaya Group Berhad	–	–	366,864,692 <sup>(2)</sup>	47.46
3	Berjaya Corporation Berhad	–	–	366,864,692 <sup>(3)</sup>	47.46
4	DYMM Sultan Ibrahim Johor	134,000,000	17.34	–	–

#### Notes:

- 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.
- Deemed interested by virtue of its interests in Juara Sejati Sdn Bhd and Teras Mewah Sdn Bhd.
- Deemed interested by virtue of its interests in Berjaya Group Berhad.

## Analysis of Shareholdings

As at 29 September 2023

(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	<b>DYMM SULTAN IBRAHIM JOHOR</b>	134,000,000	17.34
2	<b>RHB NOMINEES (TEMPATAN) SDN BHD</b> OSK CAPITAL SDN BHD FOR JUARA SEJATI SDN BHD	107,000,000	13.84
3	<b>AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.</b> PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	67,000,000	8.67
4	<b>MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	40,000,000	5.18
5	<b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	35,000,000	4.53
6	<b>SJ SEC NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT - AL RAJHI BANK FOR JUARA SEJATI SDN BHD	28,000,000	3.62
7	<b>JUARA SEJATI SDN BHD</b>	19,632,692	2.54
8	<b>RHB NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	18,000,000	2.33
9	<b>INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD</b> BERJAYA PHILIPPINES INC	15,832,000	2.05
10	<b>BBL NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	12,400,000	1.60
11	<b>CGS-CIMB NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR JUARA SEJATI SDN BHD	9,000,000	1.16
12	<b>HSBC NOMINEES (TEMPATAN) SDN BHD</b> HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL	8,012,000	1.04
13	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> NATIONAL TRUST FUND	8,004,700	1.04
14	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR TERAS MEWAH SDN BHD	7,000,000	0.90
15	<b>UNIVERSAL TRUSTEE (MALAYSIA) BERHAD</b> KAF CORE INCOME FUND	6,198,900	0.80
16	<b>SHUM THIN SOON</b>	6,000,000	0.78
17	<b>PRIME CREDIT LEASING BERHAD</b>	5,400,000	0.70

## Analysis of Shareholdings

As at 29 September 2023

(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
18	<b>MAYBANK NOMINEES (TEMPATAN) SDN BHD</b> NATIONAL TRUST FUND	5,173,400	0.67
19	<b>UOBM NOMINEES (TEMPATAN) SDN BHD</b> UOB ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	4,729,700	0.61
20	<b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR PETROLIAM NASIONAL BERHAD	4,217,900	0.54
21	<b>UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,589,300	0.46
22	<b>CIMB GROUP NOMINEES (TEMPATAN) SDN BHD</b> EXEMPT AN FOR PETROLIAM NASIONAL BERHAD	3,468,600	0.45
23	<b>LAU BIK SOON</b>	2,810,360	0.36
24	<b>CITIGROUP NOMINEES (ASING) SDN BHD</b>	2,790,700	0.36
25	<b>HLB NOMINEES (TEMPATAN) SDN BHD</b> PLEDGED SECURITIES ACCOUNT FOR TERAS MEWAH SDN BHD	2,600,000	0.34
26	<b>DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD</b> DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSGROWTH FUND	2,417,000	0.31
27	<b>WONG WAI KONG</b>	2,300,000	0.30
28	<b>NG HUI NOOI</b>	2,200,080	0.28
29	<b>DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD</b> DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED ASEAN DISCOVERYFUND	2,085,300	0.27
30	<b>DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD</b> DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED MALAYSIA FUND	2,085,200	0.27

# 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 Twenty-First Annual General Meeting of the Company to be conducted on a virtual basis hosted on Securities Services e-Portal at <https://sshsb.net.my/> at the broadcast venue at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan on Monday, 4 December 2023 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 5 December 2023 until the next Annual General Meeting of the Company to be held in year 2024.		
2.	Approval of the payment of Directors' benefits for an amount of up to RM130,000 payable to the Directors of the Company from 5 December 2023 until the next Annual General Meeting of the Company to be held in year 2024.		
3.	Re-election of Y.A.M. Tunku Tun Aminah Binti Sultan Ibrahim Ismail as a Director of the Company.		
4.	Re-election of Ms. Loh Paik Young as a Director of the Company.		
5.	Re-appointment of Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
6.	Retention of Dato' Avinderjit Singh A/L Harjit Singh as an Independent Non-Executive Director of the Company.		
7.	Authority to issue shares pursuant to the Companies Act 2016.		
8.	Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with persons connected with Berjaya Corporation Berhad.		
9.	Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with persons connected with Berjaya Corporation Berhad and companies in which D.Y.M.M. Sultan Ibrahim Ismail Ibni Almarhum Sultan Mahmud Iskandar Al-Haj is a major shareholder.		

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 / Common Seal of Member

Signed this ..... day of ..... 2023

## Notes:

- The Meeting will be conducted on a virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at <https://sshsb.net.my>.  
Please read carefully and follow the procedures provided in the Administrative Notes in order to register, participate and vote remotely via the RPV facilities.
- With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the Meeting.  
The members, proxies and/or corporate representatives may communicate via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Meeting.



**Notes (Cont'd):**

3. In respect of deposited securities, only members whose names appear in the Record of Depositors on 27 November 2023 shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.
4. 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.
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 SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan OR alternatively, submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshsb.net.my/> 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 at the Meeting should you subsequently decide to do so. Please follow the procedures provided in the Administrative Notes for the Twenty-First AGM for further details.
9. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the 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

**The Poll Administrator of  
REDTONE DIGITAL BERHAD**  
[Registration No. 200201028701 (596364-U)]

SS E Solutions Sdn. Bhd.  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 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.

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