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**STATEMENT TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE  
BY REXIT OF ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")**

The Ordinary Resolution in respect of the Proposed Share Buy-Back will be tabled as special business at Rexit Berhad's Nineteenth Annual General Meeting ("19th AGM") to be held at Greens 3 (Sports Wing), Club House, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 November 2023 at 9.30 am. Shareholders are advised to refer to the Notice of 19th AGM and the Form of Proxy which are included in the Company's Annual Report 2023 and Statement to Shareholders which can be downloaded from [www.rexit.com](http://www.rexit.com). You are requested to complete the Form of Proxy and deposit it at the Share Registrar of the Company at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan, on or before the time and date indicated below should you be unable to attend the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	26 November 2023 at 9.30 am
Date and time of the 19th AGM	:	28 November 2023 at 9.30 am

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## DEFINITIONS

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Unless the context otherwise requires, the following definitions shall apply throughout this Statement:-

Act	:	Companies Act 2016 as may be amended, modified or re-enacted from time to time
AGM	:	Annual General Meeting
Board	:	Board of Directors of Rexit
Bursa Securities	:	Bursa Malaysia Securities Berhad
Code	:	Malaysian Code on Take-overs and Mergers 2016 as may be amended, modified or re-enacted from time to time
EPS	:	Earnings per share
Listing Requirements	:	The ACE Market Listing Requirements of Bursa Securities, and all amendments thereto
NA	:	Net assets
Proposed Share Buy-Back	:	Proposed renewal of authority for the purchase by Rexit of its own Shares
Purchased Shares	:	Shares purchased pursuant to the Proposed Share Buy-Back
Rexit or Company	:	Rexit Berhad
Rexit Group	:	Rexit and its subsidiaries and associated companies, collectively
Rexit Share(s) or Share(s)	:	Issued Ordinary share(s) in Rexit
RM and sen	:	Ringgit Malaysia and sen, respectively
Treasury Shares	:	Purchased Shares which are or will be retained in treasury by the Company and shall have the meaning given under Section 127 of the Act

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**Registered Office**  
Level 5, Tower 8  
Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur

27 October 2023

## **Board of Directors**

Datuk Ng Kam Chiu (*Chairman / Non-Independent Non-Executive Director*)

Datuk Chung Hon Cheong (*Chief Executive Officer / Executive Director*)

Si Tho Yoke Meng (*Chief Operating Officer / Executive Director*)

Dato' Abdul Murad Bin Khalid (*Non-Independent Non-Executive Director*)

Kuah Hun Liang (*Non-Independent Non-Executive Director*)

Chan Chee Yuan (*Independent Non-Executive Director*)

Amarjeet Kaur A/P Ranjit Singh (*Independent Non-Executive Director*)

## **To: Shareholders of Rexit**

Dear Sir / Madam,

## **PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY REXIT OF ITS OWN SHARES (“PROPOSED SHARE BUY-BACK”)**

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### **1. INTRODUCTION**

On 11 October 2023, the Board announced its intention to seek shareholders' approval for renewal of authority for the Company to purchase up to 10% of the total number of issued shares of the Company at the forthcoming 19th AGM.

The purpose of this Statement is to provide you with the relevant details of the Proposed Share Buy-Back to be tabled at the forthcoming AGM, which will be held on Tuesday, 28 November 2023, notice of which has been set out in the Annual Report 2023.

### **2. DETAILS OF THE PROPOSED SHARE BUY-BACK**

At the 18th AGM held on 21 November 2022, the Company received its shareholders' approval on the renewal of authority to undertake the purchase of up to 10% of the total number of issued shares of the Company, subject to compliance with Section 127 of the Companies Act 2016, and prevailing laws, regulations, orders, guidelines and requirements issued by the relevant authorities.

In accordance with the Listing Requirements, the authority obtained by the Board for the purchase of Rexit Shares may only continue to be in force until:

- (a) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by ordinary resolution passed at that meeting the authority is renewed either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

Accordingly, in view of the expiry of the abovementioned approval of the shareholders at the conclusion of the forthcoming 19th AGM, the Board proposes to seek for shareholders' approval for the Proposed Share Buy-Back at the forthcoming AGM.

As at 4th October 2023, the total number of issued shares of Rexit was 189,333,333 Rexit Shares (including 16,117,500 Rexit Shares currently retained as Treasury Shares). Hence, in the event that the Proposed Share Buy-Back is approved by its shareholders, the maximum number of Rexit Shares that the Company may acquire pursuant to the Proposed Share Buy-Back is 2,815,833 shares.

### **3. SOURCE OF FUNDS**

The funding for the Proposed Share Buy-Back will be from internally generated funds. The maximum amount of funds to be utilised by Rexit for any purchase of Shares shall not exceed the total retained profits of Rexit. The purchase of Shares will be undertaken in such a manner that it will not have any material effect on the cash flow of the Rexit Group.

As at 30 June 2023, being the latest audited financial statements of Rexit, the retained profits was amounted to RM4,445,544.

The actual number of Shares to be purchased, the total amount of funds to be utilised, impact on cash flow and the timing of the purchase(s) will depend on the prevailing equity market conditions and sentiments as well as the financial resources available to the Company at the time of the purchase(s).

#### **4. RATIONALE FOR THE PROPOSED SHARE BUY-BACK**

The authority to purchase its own Shares is sought to enable Rexit to have an additional option of optimising its capital structure and utilising its financial resources more efficiently. The Proposed Share Buy-Back is expected to stabilise the market price, as well as the supply and demand of Rexit Shares. All things being equal, the Proposed Share Buy-Back, whether the Rexit Shares to be purchased are maintained as Treasury Shares or cancelled, will result in lower number of Rexit Shares being used for the purpose of computing EPS. Therefore, the Proposed Share Buy-Back will improve the EPS of Rexit which in turn is expected to have a positive impact on the market price of Rexit Shares.

Rexit may also retain the Purchased Shares as Treasury Shares with the intention of realising potential gains from the resale of Treasury Shares and/or to reward its shareholders through the distribution of the Treasury Shares as share dividends.

#### **5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK**

The potential advantages of any purchase by Rexit of its own Shares to Rexit and its shareholders are as follows:

- (a) To allow Rexit to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise its market price and hence enhance investors' confidence;
- (b) To allow flexibility for Rexit in achieving the desired capital structure, in respect of its debt and equity composition, as well as its size of equity; and
- (c) If the Treasury Shares are distributed as dividends by the Company, it may then serve as reward to its shareholders.

The potential disadvantages of any purchase by Rexit of its own Shares to Rexit and its shareholders are as follows:

- (a) Any purchase by Rexit of its own Shares will reduce its financial resources and may result in Rexit foregoing better investment opportunities that may emerge in future; and
- (b) As any purchase of its own Shares can only be made out of Rexit's retained profits, it may result in the reduction of financial resources available for distribution to Rexit's shareholders in the immediate future.

Nevertheless, the Board of Rexit will be mindful of the Company's interest and its shareholders in undertaking any purchase of its own Shares and in the subsequent resale of Treasury Shares on the Bursa Securities, if any.

## 6. EFFECTS OF THE PROPOSED SHARE BUY-BACK

### 6.1. Share capital

The effect of the Proposed Share Buy-Back on the issued share capital of Rexit is set out below:-

	<b>Number of Shares</b>
Issued share capital as at 4 October 2023 (Including 16,117,500 Shares held by Rexit as Treasury Shares)	189,333,333
Maximum number of Shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back	(18,933,333)
Resultant issued share capital upon completion of cancellation of the maximum number of Rexit Shares which may be purchased under the Proposed Share Buy-Back	170,400,000

However, if the Purchased Shares are held as Treasury Shares, resold or distributed to shareholders, the Proposed Share Buy-Back will not have any effect on the issued share capital of the Company.

## 6.2. Directors' and substantial shareholders' shareholdings

The proforma effects of the Proposed Share Buy-Back on the shareholdings of the Directors and substantial shareholders of Rexit, assuming the Shares are purchased from shareholders other than the Directors and/or substantial shareholders of Rexit, are set out below:-

Name	As at 4 October 2023				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Rexit Shares	%	No. of Rexit Shares	%	No. of Rexit Shares	%	No. of Rexit Shares	%
<b>Directors</b>								
Datuk Ng Kam Chiu	268,000	0.15	6,100 <sup>(a)</sup>	*	268,000	0.16	6,100 <sup>(a)</sup>	*
Datuk Chung Hon Cheong	223,334	0.13	71,361,227 <sup>(b)</sup>	41.20	223,334	0.13	71,361,227 <sup>(b)</sup>	41.88
Si Tho Yoke Meng	-	-	71,361,227 <sup>(b)</sup>	41.20	-	-	71,361,227 <sup>(b)</sup>	41.88
Dato' Abdul Murad Bin Khalid	-	-	20,690,000 <sup>(c)</sup>	11.94	-	-	20,690,000 <sup>(c)</sup>	12.14
Kuah Hun Liang	18,440,800	10.65	-	-	18,440,800	10.82	-	-
Chan Chee Yuan	-	-	-	-	-	-	-	-
Amarjeet Kaur A/P Ranjit Singh	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>								
Rexit Venture Sdn. Bhd.	71,361,227	41.20	-	-	71,361,227	41.88	-	-
Global Hartabumi Sdn. Bhd.	20,690,000	11.94	-	-	20,690,000	12.14	-	-
Kuah Hun Liang	18,440,800	10.65	-	-	18,440,800	10.82	-	-
Dato' Abdul Murad Bin Khalid	-	-	20,690,000 <sup>(c)</sup>	11.94	-	-	20,690,000 <sup>(c)</sup>	12.14
Datuk Chung Hon Cheong	223,334	0.13	71,361,227 <sup>(b)</sup>	41.20	223,334	0.13	71,361,227 <sup>(b)</sup>	41.88
Si Tho Yoke Meng	-	-	71,361,227 <sup>(b)</sup>	41.20	-	-	71,361,227 <sup>(b)</sup>	41.88
Mohd Azmil Bin Dato' Abdul Murad	-	-	20,690,000 <sup>(c)</sup>	11.94	-	-	20,690,000 <sup>(c)</sup>	12.14

### Notes :-

- (a) Deemed interested by virtue of his children's shareholdings pursuant to Section 59(1)(c) of the Act.
- (b) Deemed interested by virtue of his shareholding in Rexit Venture Sdn Bhd pursuant to Section 8(4) of the Act.
- (c) Deemed interested by virtue of his shareholding in Global Hartabumi Sdn. Bhd. pursuant to Section 8(4) of the Act.

\* Negligible



### **6.3. Earnings**

The impact of the Proposed Share Buy-Back on the earnings of Rexit Group is dependent on the purchase price of the Purchased Shares and the opportunity cost arising from the funds utilized for the Proposed Share Buy-Back.

Any cancellation of the Purchased Shares is expected to give rise to increased EPS to the Company and its Group due to the reduced number of shares in issue.

### **6.4. NA**

The effects of the Proposed Share Buy-Back on the NA of Rexit will depend on the number of the Purchased Shares, the price(s) of the Purchased Shares at the time of purchase and the treatment of the Rexit Shares so purchased.

Where the Purchased Shares are cancelled, the Proposed Share Buy-Back will reduce the NA per Share unless the cost per Share is below the NA per Share at the relevant point in time, and vice versa.

If the Purchased Shares are kept as Treasury Shares, the NA per share will decrease unless the cost per share is below the NA per share at the relevant point in time. This is because Treasury Shares are required to be carried at cost and as such, will be offset against equity which would result in a decrease in the NA of Rexit.

If the Purchased Shares are resold on Bursa Securities, the NA of Rexit would increase if it realises a gain from the resale, and vice versa. If the Purchased Shares were distributed as share dividends, the NA of Rexit will decrease by the cost of the Treasury Shares so distributed.

### **6.5. Working capital**

The Proposed Share Buy-Back will reduce the working capital of Rexit Group; the quantum of which will depend on the purchase prices of the Rexit Shares and the number of Purchased Shares. However, the Board believes that the Proposed Share Buy-Back will not have any material effect on the working capital of Rexit Group.

### **6.6. Dividends**

The Proposed Share Buy-Back is not expected to have any material impact on the Board's policy in recommending dividends to shareholders of Rexit. The Board may have the option to distribute future dividends in the form of the Treasury Shares purchased pursuant to the Proposed Share Buy-Back.

## **7. PUBLIC SHAREHOLDING SPREAD**

Based on the Record of Depositors of Rexit as at 4 October 2023, 62,206,372 Rexit Shares representing 35.91 % of Rexit's issued share capital were in the hands of public shareholders. The Board of Rexit undertakes that any proposed purchase of its own Shares would only be conducted in accordance with laws prevailing at the time of the purchase including compliance with the 25% public shareholding spread as required by the Listing Requirements.

## **8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Save for the inadvertent increase in the percentage of shareholding and/or voting rights of the shareholders as a consequence of the Proposed Share Buy-Back, none of the Directors and substantial shareholders of Rexit and/or persons connected with them has any interest, direct or indirect, in the Proposed Share Buy-Back or resale of Treasury Shares, if any.

## **9. IMPLICATIONS RELATING TO THE CODE**

Based on the Company's Register of Substantial Shareholders as at 4 October 2023, it is unlikely that the provisions on mandatory takeovers under the Code will be triggered by any shareholder of the Company solely by reason of the Proposed Share Buy-Back being carried out in full.

## **10. PURCHASES MADE IN THE PREVIOUS TWELVE (12) MONTHS**

As at 4 October 2023, the total Treasury shares held by Rexit Group is 16,117,500 shares. The Company has not made any purchase, resale, cancellation or transfer of Treasury Shares in the preceding twelve (12) months.

## 11. SHARE PRICE PERFORMANCE

The monthly highest and lowest prices of the Company as traded on Bursa Securities for the past twelve (12) months are as follows:

<b>2022</b>	<b>High (RM)</b>	<b>Low (RM)</b>
October	0.790	0.730
November	0.790	0.745
December	0.785	0.720
<b>2023</b>	<b>High (RM)</b>	<b>Low (RM)</b>
January	0.810	0.725
February	0.805	0.750
March	0.785	0.740
April	0.775	0.750
May	0.765	0.745
June	0.785	0.755
July	0.780	0.760
August	0.830	0.765
September	0.835	0.810

The last transacted price of Rexit Shares as at 4 October 2023, being the latest practicable date prior to the printing of this statement was RM0.820.

## 12. DIRECTORS' RECOMMENDATION

The Board, having taken into consideration all matters in relation to the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 19th AGM.

## 13. FURTHER INFORMATION

Shareholders are advised to refer to the Appendix I for further information.

Yours faithfully,  
For and on behalf of the Board of  
**REXIT BERHAD**

**DATUK NG KAM CHIU**  
Chairman / Non-Independent Non-Executive Director

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## ***APPENDIX I***

### **FURTHER INFORMATION**

#### **1. DIRECTORS' RESPONSIBILITY STATEMENT**

*This Statement has been reviewed and approved by the Directors of Rexit and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.*

#### **2. DOCUMENTS FOR INSPECTION**

*Copies of the following documents will be made available for inspection at the Registered Office of Rexit at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia, during normal business hours from Monday to Friday (except public holidays) from the date of this Statement up to the date of the 19th AGM:*

- (i) Constitution of Rexit; and*
- (ii) The audited consolidated financial statements of Rexit for two (2) financial years ended 30 June 2022 and 30 June 2023 and the latest unaudited results since the last audited financial statements.*