
4 INFORMATION ON REXIT GROUP

4.1 HISTORY***Incorporation***

Rexit was incorporated on 4 October 2004 in Malaysia under the Act as a public limited company. It was established to be the investment holding company of the Group in conjunction with the listing of the Group on the MESDAQ Market. On 1 December 2004, its subsidiary company, Rexit Software was granted the MSC status by MDC.

History and Principal Activities

The Rexit Group commenced operations in 1998 and is one of the leading IT solutions providers in Malaysia for the general insurance industry. It has successfully developed and implemented multiple application front-end and back-end general insurance solutions such as the Integrated Insurance Management System, Claims Management System, Agency Management System, Quotation Management System, Policy Management System and Short Messaging System.

In 2004, the Rexit Group made a strategic investment in Reward-Link.com, one of the Government authorised JPJ eINSURANS gateway providers appointed by the Ministry of Transport to provide the electronic link as a gateway provider to the insurance companies and JPJ. The eINSURANS initiative was launched on 2 January 2005 with the implementation of electronic motor cover notes for motor vehicles insurance.

In conjunction with the launch of eINSURANS, the Rexit Group introduced its e-Cover portal (originally known as e-ASC), which is an agency Internet B2B service portal that connects the public, insurance agents, insurance companies and JPJ via Reward-Link.com. The e-Cover portal was approved by the BNM on 21 July 2004.

With the launch of the e-Cover portal, the provision of products, solutions and services through the Internet has become an important strategic focus for the Rexit Group.

Set out below are a description of some of the Rexit Group's main products and services.

1) Electronic Agency Services Centre (e-Cover) portal

The Directors believe that the Rexit Group now operates and manages one of the largest insurance e-commerce portals in Malaysia through the e-Cover portal. The e-Cover portal has expanded to offer various services as set out below:-

Services offered	Description
Insurance Services	Facilitates all insurance transactions including motor business and other classes of insurance such as Foreign Workers Insurance Guarantee (FWIG) and Drivers Passenger Personal Accident (DPPA).
JPJ	Connects the business community to JPJ by facilitating the linkage between insurance companies and JPJ via the Reward-Link.com gateway to transmit electronic motor cover notes.

4 INFORMATION ON REXIT GROUP (Cont'd)

Services offered	Description
Payment*	Facilitates integration with financial institution by providing clearing facilities for all types of electronic settlements between the public and business and between business and business. Currently, registered e-Cover portal users use this service for online settlement of premiums via credit cards
Mobile SMS	Provides the technology and solutions for public to conduct mobile commerce such as renewing of insurance and payment of premium etc. Currently, this service is subscribed by insurers to confirm JPJ status of cover notes to customers and agents; and conduct interactive query for data retrieval by agents such as confirming password for access into the portal

* Services offered starting in the 3rd quarter of 2005

2) Integrated Insurance Management System (IIMS)

The IIMS is an enterprise solution to cater to complex and demanding insurance administration requirements. It supports the workflow of general insurance companies integrating the front-end online agency to the back-end system and includes the following sub-modules which can be deployed individually:-

Sub-modules	Description
Agency Management System (e-AMS)	Integrates the automated data dissemination process of agent and client profile management including quotation proposal, cover note processing, debit note printing, payment or receipting, renewal notice printing, agent statement of account and policy history, and cover note enquiry.
Claims Management System (e-CMS)	Assists insurers to improve effectiveness of claims operations from automated claims intimation to routing of documents and settlement of claims with effective predefined policies and standards.
Policy Management System (e-PMS)	Manages the insurance policy processing life cycle from generation to renewal. The processes here also extend to policy change, risk accumulation and endorsement steps to reinsurance.
Quotation Management System (e-QMS)	A computer-aided operating platform to manage the e-Motor Business Model, which authenticates and logs enquiries by agents on automated/pre-filled motor cover note forms in connection with renewals, new business and NCD (no claims discount) confirmation, for subsequent workflow management. It integrates securely and seamlessly into JPJ's eINSURANS initiative for motor vehicle license and is scalable for deployment into other classes of business.

4 INFORMATION ON REXIT GROUP (Cont'd)

Sub-modules	Description
Short Messaging System (e-SMS)	Functions as a one-way broadcaster as well as a dual way interactive communication between agents and customers with information provided by the insurance company back-end system.

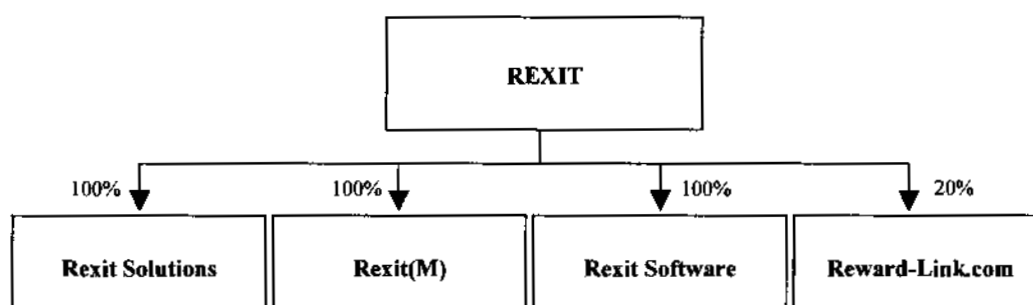
The Rexit Group consists of Rexit and the following subsidiaries and associated company:-

Name of company	Date / Place of incorporation	Equity interest (%)	Issued and paid-up share capital as at 21 September 2005 (RM)	Principal activity
<u>Subsidiaries:-</u>				
Rexit Solutions	21.02.1998/ Malaysia	100.00	160,000	Sales of application software solutions and related products and services
Rexit(M)	23.03.1999/ Malaysia	100.00	1,000	Provision of software technical and consultancy services in the Asia Pacific region
Rexit Software (MSC Status)	17.06.2004/ Malaysia	100.00	2	Research and development of application software solutions and provision of related services
<u>Associated company:-</u>				
Reward-Link.com	01.03.2000/ Malaysia	20.00	5,000,000	Malaysian government authorised JPJ eINSURANS gateway provider between insurance companies and JPJ

Further information on the subsidiaries and associated company are set out in Section 4.4 of this Prospectus.

4 INFORMATION ON REXIT GROUP (Cont'd)

The Group's corporate structure is depicted below: -



4.1.1 Restructuring and Listing Scheme

As an integral part of the listing of and quotation for the entire issued and paid-up capital of the Company on the MESDAQ Market, the Company undertook a restructuring exercise that was approved by the SC on 15 August 2005. The restructuring exercise involved the following steps:-

(a) Share Split

Rexit implemented a share split which involved the subdivision of the par value of the then existing ordinary shares of RM1.00 each in Rexit to RM0.10 each ("Share Split"). The Share Split was completed on 30 August 2005.

The issued and paid-up share capital of the Company after the completion of the Share Split was RM2.00 comprising 20 ordinary shares of RM0.10 each.

(b) Acquisition of Rexit Solutions

Pursuant to the conditional SSA between Rexit and the shareholders of Rexit Solutions dated 20 December 2004, Rexit acquired 160,000 ordinary shares of RM1.00 each in Rexit Solutions, representing the entire issued and paid-up share capital of Rexit Solutions for a purchase consideration of RM12,307,998 satisfied entirely by the issuance of 123,079,980 new ordinary shares of RM0.10 each in Rexit. The Shares issued pursuant to the Acquisition of Rexit Solutions rank pari passu in all respects with the existing Shares of Rexit then in issue.

The Acquisition of Rexit Solutions was completed on 30 August 2005.

The 123,079,980 new Shares in Rexit were issued at par and credited as fully paid-up to the following shareholders as follows:-

	Percentage of shareholdings in Rexit Solutions as at 29 August 2005 (%)	No. of Shares in Rexit
Rexit Venture	56.25	69,232,500
Festa Wira Sdn Bhd	18.75	23,077,500
Siau Teng Chong	4.69	5,769,370
Lim Lee	4.69	5,769,370

4 INFORMATION ON REXIT GROUP (Cont'd)

	Percentage of shareholdings in Rexit Solutions as at 29 August 2005 (%)	No. of Shares in Rexit
Gallant New Group Limited	4.69	5,769,370
Prevalia Ventures Limited	4.69	5,769,370
Chung Hon Cheong	3.12	3,846,250
Yap Kooi Heang	3.12	3,846,250
TOTAL	100.00	123,079,980

(c) Corporate Reorganisation

Upon completion of the Acquisition of Rexit Solutions, Rexit undertook an internal corporate reorganisation of the Rexit Group, which entailed the following acquisitions by Rexit from Rexit Solutions, its wholly-owned subsidiary:-

- the acquisition of 1,000 ordinary shares of RM1.00 each in Rexit(M) representing the entire issued and paid-up share capital of Rexit(M) for a cash consideration of RM1,000.00;
- the acquisition of 2 ordinary shares of RM1.00 each in Rexit Software representing the entire issued and paid-up share capital of Rexit Software for a cash consideration of RM2.00; and
- the acquisition of 1,000,000 ordinary shares of RM1.00 each in Reward-Link.com, representing 20% of the issued and paid-up share capital of Reward-Link.com for a cash consideration of RM1,500,000.00.

The considerations for the Corporate Reorganisation were arrived at based on the cost of investment of the respective companies to Rexit Solutions.

The Corporate Reorganisation was completed on 30 August 2005.

(d) Public Issue

In conjunction with the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market, Rexit will issue 18,920,000 new Rexit Shares at an issue price of RM0.32 per Share to individuals, companies, societies, co-operatives and institutions by way of private placement and public offer, subject to the terms and conditions of this Prospectus.

Upon completion of the Public Issue, the issued and paid-up share capital of Rexit will increase from RM12,308,000 comprising 123,080,000 Rexit Shares to RM14,200,000 comprising 142,000,000 Rexit Shares credited as fully paid-up.

(e) Listing and Quotation on MESDAQ Market

Upon completion of the Public Issue, the entire issued and paid-up share capital of Rexit of RM14,200,000 comprising 142,000,000 Rexit Shares will be listed on the MESDAQ Market.

4 INFORMATION ON REXIT GROUP (Cont'd)

(f) ESOS

In conjunction with the Listing, Rexit proposes to implement an ESOS involving up to 10% of Rexit's issued and paid-up share capital at any time during the existence of the ESOS, to be issued pursuant to the options to be granted under the ESOS to the Eligible Person of the Group.

The ESOS includes the granting of Options to two (2) of Rexit's current non-executive directors who are entitled to the ESOS. Their maximum entitlement under the ESOS is 1,000,000 Options each.

4.2 SHARE CAPITAL

As at the date of this Prospectus, the authorised share capital of Rexit is RM25,000,000 comprising 250,000,000 Rexit Shares whilst the issued and paid-up share capital is RM12,308,000 comprising 123,080,000 Rexit Shares credited as fully paid-up. Upon completion of the Public Issue, the issued and paid-up share capital of Rexit will increase to RM14,200,000 comprising 142,000,000 Rexit Shares credited as fully paid-up.

Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:-

Date of Allotment	No. of shares	Par Value (RM)	Consideration	Total Cumulative (RM)
4/10/2004	2	1.00	Subscribers' shares	2
30/08/2005	20	0.10	Issued pursuant to the Share Split	2
30/08/2005	123,079,980	0.10	Issued pursuant to the Acquisition of Rexit Solutions	12,308,000

4.3 BUSINESS OVERVIEW**4.3.1 Overview of the Rexit Group**

The Rexit Group is one of the leading IT solutions providers in Malaysia specialising in the general insurance industry. The Group's products and solutions have been adopted by major insurance players in Malaysia such as Kurnia Insurans (Malaysia) Berhad, Allianz General Insurance Malaysia Berhad and Tokio Marine Insurans (Malaysia) Berhad. Increasingly, the Group is placing importance on delivering its solutions and services for the general insurance industry through the Internet via its e-Cover portal.

On 16 April 2004, its associated company, Reward-Link.com was appointed by the Ministry of Transport and approved by BNM to be an electronic cover note gateway provider to carry out the e-Cover Note transactions. The e-Cover Note project was successfully implemented on 2 January 2005 and with this implementation, physical motor cover notes are no longer accepted by JPJ for road tax renewals and insurance companies are therefore compelled to deliver cover notes electronically to JPJ.

4 INFORMATION ON REXIT GROUP (Cont'd)

In conjunction with JPJ's eINSURANS initiative, the Rexit Group introduced its e-Cover portal, which was approved by BNM on 21 July 2004. The e-Cover which is an agency Internet B2B service portal allows insurers and their agents to perform Internet-based insurance transactions and enables registered insurance agents to consolidate their agency businesses to enhance efficiency and productivity.

Kurnia Insurans (Malaysia) Berhad, Allianz General Insurance Malaysia Berhad, Tokio Marine Insurans (Malaysia) Berhad, QBE Insurance (Malaysia) Berhad, Jerneh Insurance Berhad, Multi-Purpose Insurans Bhd, and Malaysia Assurance Alliance Bhd have all appointed Reward-Link.com to act as the gateway provider to transmit their e-Cover Notes to JPJ. Based on the Directors' estimate as at 31 December 2004, these players account for approximately 42% of the market share of motor insurance, of which approximately 27% is held by Kurnia Insurans (Malaysia) Berhad.

As at 21 September 2005, more than 16,000 agents representing Kurnia Insurans (Malaysia) Berhad, Allianz General Insurance Malaysia Berhad, Tokio Marine Insurans (Malaysia) Berhad and Jerneh Insurance Berhad have subscribed for the e-Cover portal services. Based on Rexit's internal statistics, these registered agents have through the usage of the portal generated an average of 280,000 transactions with gross premiums averaging RM110 million per month from January 2005 to August 2005. The Group's revenue will comprise annual subscription fees and transaction fees from its e-Cover portal from 2005 onwards.

The e-Cover portal also facilitates the Government's eINSURANS initiative for paperless transactions by providing the linkage between insurance companies and JPJ via its associated company, Reward-Link.com to transmit electronic motor cover notes.

The development and implementation of the Rexit Group's e-Cover portal and Reward-Link.com's e-Cover Note services has enabled the Group to transform itself from being merely a software group selling its products through conventional channels into one that has the ability to deliver new applications for its products, services and solutions via the Internet.

The Group's corporate mission is as follows:-

- To be the leading B2B services provider to the general insurance and related industries regionally; and
- To be a leading provider of general insurance applications in ASEAN.

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4 INFORMATION ON REXIT GROUP (Cont'd)

4.3.2 Key Milestones of the Rexit Group

The section below sets out some of the significant milestones of the Rexit Group:-

Year	Events
1998	<ul style="list-style-type: none"> ▪ Procured Kurnia Insurans (Malaysia) Berhad as its customer for outsource of software development ▪ Procured Allianz General Insurance Malaysia Berhad (formerly known as Malaysia British Assurance Berhad) as its customer for outsource of software development ▪ Procured Oriental Capital Assurance Bhd (formerly known as United Oriental Assurance Bhd) as its customer for Y2K project. ▪ Procured Malaysia Assurance Alliance Bhd as its customer for outsource of software development
1999	<ul style="list-style-type: none"> ▪ Procured Uni.Asia General Insurance Berhad (formerly known as South East Asia Insurance Berhad) as its customer for outsource of software development ▪ Procured Hong Leong Assurance Berhad as its customer for outsource of software development ▪ Procured Tokio Marine Insurans (Malaysia) Berhad as its customer for Y2K project
2000	<ul style="list-style-type: none"> ▪ Procured Tokio Marine Insurans (Malaysia) Berhad as its customer for outsource of software development
2001	<ul style="list-style-type: none"> ▪ Procured Tenaga Insurance Bhd as its customer for system software maintenance ▪ Procured Kurnia Insurans (Thailand) Co. Ltd as its customer for outsource of software development ▪ Commenced R&D of e-CMS ▪ Launched and sold e-CMS to Tokio Marine Insurans (Malaysia) Berhad
2002	<ul style="list-style-type: none"> ▪ Commenced R&D of e-AMS ▪ Commenced R&D of e-SMS software ▪ Launched and sold e-SMS software to Kurnia Insurans (Malaysia) Berhad ▪ Launch of e-AMS and sold to Kurnia Insurans (Malaysia) Berhad
2003	<ul style="list-style-type: none"> ▪ Commenced R&D of e-QMS ▪ Launch and sold e-QMS to Kurnia Insurans (Malaysia) Berhad and Allianz General Insurance Malaysia Berhad ▪ Commenced R&D for Electronic Policy Management System ("e-PMS") and Integrated Insurance Management System ("IIMS") ▪ Entered into an agreement with Kurnia Insurans (Malaysia) to provide the IIMS software and technical support upon completion of development
2004	<ul style="list-style-type: none"> ▪ Commenced R&D for the electronic agency services centre (e-Cover) ▪ Reward-Link.com appointed e-Cover Note gateway provider by Ministry of Transport and approved by BNM ▪ Built IT infrastructure for Reward-Link.com's e-Cover Note gateway ▪ Developed e-Cover Note Gateway solution for Reward-Link.com

4 INFORMATION ON REXIT GROUP (Cont'd)

Year	Events
	<ul style="list-style-type: none"> ▪ Completion of e-Cover portal development and obtained approval from BNM ▪ Launched e-Cover portal and its services were subscribed by Kurnia Insurans (Malaysia) Berhad, Allianz General Insurance Malaysia Berhad and Tokio Marine Insurans (Malaysia) Berhad upon the respective insurance companies obtaining BNM's approval for the subscription of e-Cover service portal ▪ Procured contract from Tokio Marine Insurans (Malaysia) Berhad for their core insurance system upgrade ▪ Procured order from Allianz General Insurance Malaysia Berhad to provide the e-PMS software upon completion of development
2005	<ul style="list-style-type: none"> ▪ e-Cover Note initiative successfully launched by Ministry of Transport ▪ e-Cover portal services subscribed by Jerneh Insurance Berhad ▪ Obtained BNM approval to extend the services and capabilities of e-Cover to make available all classes of non-motor insurance cover ▪ Launched e-Cover portal new services and were subscribed by: <ul style="list-style-type: none"> ➢ Foreign Workers Insurance Guarantee (FWIG) cover for Allianz General Insurance Malaysia Berhad; ➢ Driver's Passenger Personal Accident (DPPA) Module for Allianz General Insurance Malaysia Berhad; ➢ DPPA cover for Kurnia Insurans (Malaysia) Berhad; ➢ Motor e-Schedule & CI (Comprehensive Insurance) for Kurnia Insurans (Malaysia) Berhad; and ➢ Electronic payment and submission for Kurnia Insurans (Malaysia) Berhad ▪ Installed the IIMS for Kurnia Insurans (Malaysia) Berhad ▪ e-Cover portal services subscribed by Malaysian Assurance Alliance Berhad ▪ e-Cover portal services subscribed by Multi-Purpose Insurans Bhd ▪ Entered into an agreement with Allianz General Insurance Malaysia Berhad to develop and implement an Integrated Enterprise Health Management System software and provision of related technical support ▪ e-Cover portal reached a subscription base exceeding 16,000 agents as at 21 September 2005

4.3.3 The Rexit Group's suite of services and products

The Rexit Group's products and services can be broadly categorised as follows:

(A) Proprietary Products

- (i) e-Cover portal : Electronic Agency Services Center
- (ii) IIMS : Integrated Insurance Management System
- (iii) e-Cover Note : Electronic Cover Note Solution

(B) Complementary/Value Added Services

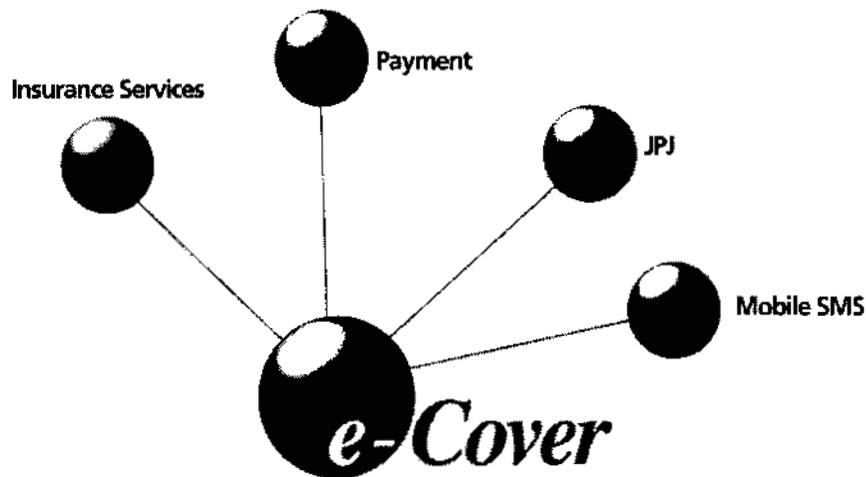
- (i) Maintenance and Technical Services
- (ii) System Sales and Integration

4 INFORMATION ON REXIT GROUP (Cont'd)

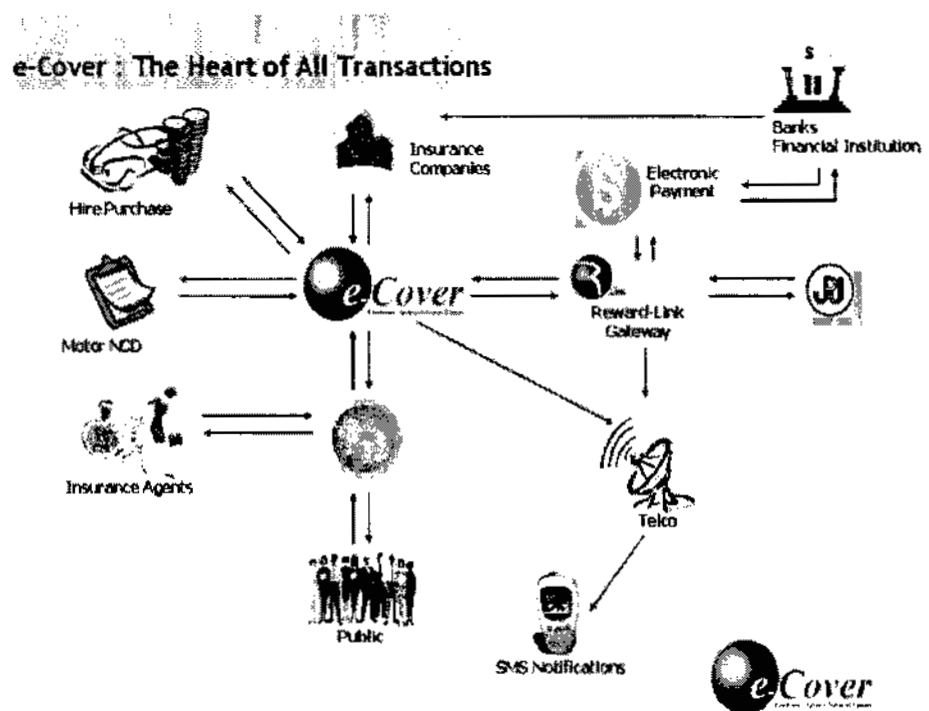
(A) PROPRIETARY PRODUCTS

(i) e-Cover portal : Electronic Agency Services Center

The e-Cover portal is the hub of activities, being a one-stop center to perform insurance transactions. It is an agency Internet B2B service portal that connects various participants: public, insurance agents, insurance companies, JPJ, financial institutions and telecommunication companies in the performance of insurance and related transactions. The portal has been audited and approved by BNM for Internet-based insurance transactions.



The processes supported by the e-Cover portal is depicted below:



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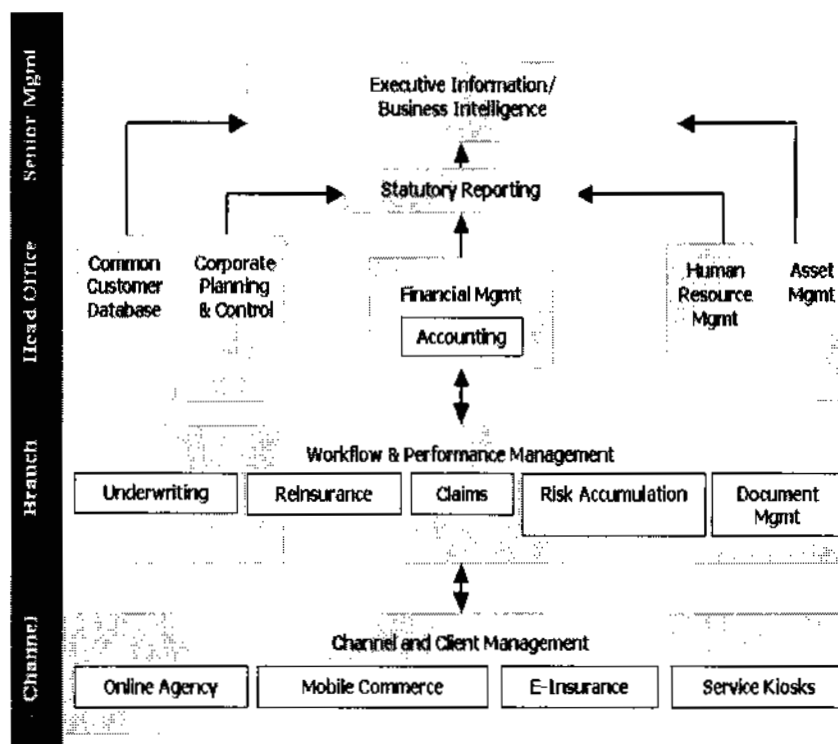
<p>Features</p>	<ul style="list-style-type: none"> ▪ A one-stop insurance service center to perform insurance transactions online over the Internet where the portal will be continuously maintained by the Rexit Group. Insurers pay a monthly subscription fee based on the number of registered agents to transact motor business and in addition, a transaction fee for each additional service subscribed. ▪ Services available over the portal are broadly categorised as follows: <ul style="list-style-type: none"> ➤ Insurance services Covers the motor and non-motor classes of insurance business comprising Motor Agency, Principal, NCD (No Claims Discount), Drivers and Passengers Personal Accident (DPPA), Fire, Foreign Workers Insurance Guarantee (FWIG), Marine, Workmen, Health and PA (Personal Accident) ➤ Government Provides the linkage to JPJ through the Reward-Link.com gateway to facilitate the electronic cover note transactions. ➤ Payment Facilitates integration with financial institution by providing clearing facilities for all types of electronic settlements between the public and business and between business and business. Currently, registered agents use this service for online settlement of premiums via credit ➤ Mobile SMS Mobile SMS, where Rexit provides technology and solutions for the public to conduct mobile commerce like renewing of insurance, payment of premium and etc. Currently, this service is subscribed by insurers to confirm JPJ status of cover notes to customers and agents; and conduct interactive query for data retrieval by agents such as confirming password for access into the portal
<p>Benefits</p>	<ul style="list-style-type: none"> ▪ Enables the Insurers to track, manage and maintain business activities of their authorised agents more efficiently and effectively including preventing delinquent agents from issuing cover notes ▪ Minimal cost of set-up as the e-Cover portal is totally developed and maintained by the Rexit Group and this enables insurers to be competitive, cost efficient and improve time-to-market greatly ▪ Provides the insurance agents the solution that support the entire cycle in issuance and generating of cover notes that involves creating a quotation, cover note generation, submitting e-cover note and obtaining JPJ status and printing ▪ Provides the insurance agents office automation tools such as calendaring and scheduling; customers or contact management; maintaining customers' records such as claims and correspondences

4 INFORMATION ON REXIT GROUP (Cont'd)

	<ul style="list-style-type: none"> ▪ The services will be available over the Internet, thereby providing convenience and availability of application anywhere and at anytime ▪ Reduces the need for queuing up at insurance companies for renewal of policies and eliminating the need for physical cover notes to collect Road Tax Certificates ▪ There will be no need for physical cash and cheques as payment can be transacted online
Customer(s)	<ul style="list-style-type: none"> ▪ Kurnia Insurans (Malaysia) Berhad ▪ Allianz General Insurance Malaysia Berhad ▪ Tokio Marine Insurans (Malaysia) Berhad ▪ Jernih Insurance Berhad ▪ Malaysian Assurance Alliance Berhad ▪ QBE Insurance (Malaysia) Berhad ▪ Multi-Purpose Insurans Bhd

(ii) IIMS : Integrated Insurance Management System

IIMS is an insurance enterprise solution that provides an integrated business warehouse of information vital for customers, agents and the management. The overall application system is shown below:



Features	<ul style="list-style-type: none"> • An integrated insurance management software solution that comprise the following modules which can be deployed on a standalone basis. <ul style="list-style-type: none"> ➢ <u>e-AMS : Agency Management System</u> A software that integrates agent and client profile management including quotation proposal, cover note
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4 INFORMATION ON REXIT GROUP (Cont'd)

	<p>processing, debit note printing, payment or receipting, renewal notice printing, agent statement of account and policy history, and cover note enquiry</p> <p>➤ <u>e-CMS : Claims Management System</u> A comprehensive software solution that helps insurers to improve the effectiveness of their claims operations. Employs the technologies in imaging, workflow, messaging and integrates them into an intelligent computer aided management tool that enables automated claims intimation to routing of documents and settlement of claims with effective predefined policies and standards in place</p> <p>➤ <u>e-PMS : Policy Management System</u> A software that manages the insurance policy life cycle from generation to renewal. The policy processing cycle includes all functions for new policy data capture through underwriting and rating to policy issuance. It comprise the following modules:</p> <p><i><u>Underwriting</u></i> This module is to capture extensive information of each policy along with its history of endorsements and premium billing. It keeps track of interest, peril, coverage, co-insurers, loss payee, reinsurance arrangements, detailed descriptions of each insured items and more. It also allows an insurer to market complex multiperil or multi-class policies. The complete process of policy issuance, including printing of policy schedules, endorsement certificates, instalments and debit/credit notes will be automated</p> <p><i><u>Risk Accumulation</u></i> This is the module to assess the potential risk accumulation to gain a better understanding of customers and the associated risks. It will help to improve risk management and reduce losses. Risks can be rated accurately, thus priced more competitively to manage the levels of reinsurance more effectively</p> <p><i><u>Reinsurance Placement</u></i> This module manages the details of an outward treaty and facultative contracts. It contains the terms and conditions of each reinsurance contract. Based on these conditions, premiums from the policies in the underwriting module will be automatically ceded to the proper treaty or facultative contracts</p> <p><i><u>Enquiries and Analysis</u></i> This is the essential information management module covering all the related enquiries options to satisfy all levels of user requirements. This allows the relevant</p>
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	<p>authorised user to extract the status of a process and obtain information for analysis purposes</p> <ul style="list-style-type: none"> ➤ <u>e-OMS : Quotation Management System</u> A computer-aided operating platform to manage the e-Motor Business Model, which authenticates and logs enquiries by agents on automated/pre-filled motor cover note forms in connection with renewals, new business and NCD (no claims discount) confirmation, for subsequent workflow management. It integrates securely and seamlessly into JPJ's eINSURANS initiative for motor vehicle license and is scalable for deployment into other classes of business ➤ <u>e-SMS : Short Messaging System</u> A SMS solution which functions as a one-way broadcaster as well as a dual way interactive communication between agents and customers with information provided by the insurance company back-end system
Benefits	<ul style="list-style-type: none"> ▪ Main benefits are: <ul style="list-style-type: none"> ➤ Provides the capability to store, manage and utilise the information to achieve job efficiency and enhance the quality of risk assessment ➤ By integrating Internet technology into its core application, it enables online real-time tracking of process status ➤ The workflow management provides automated audit trails for reviews and process re-engineering for continuous improvement. An automated alert system via email to designated parties in the life cycle is also incorporated ➤ Centrally managed electronic documents through scanning process enables easy and secured information retrieval ➤ Designed with provision for customization to production systems based on different business rules
Customer(s) for IIMS and sub-modules	<ul style="list-style-type: none"> ▪ Kurnia Insurans (Malaysia) Berhad ▪ Allianz General Insurance Malaysia Berhad ▪ Tokio Marine Insurans (Malaysia) Berhad ▪ Commerce Assurance Berhad (formerly known as AMI Insurans Berhad) ▪ Multi-Purpose Insurans Berhad

(iii) **e-Cover Note : Electronic Cover Note Solution**

Rexit developed the e-Cover Note solution for Reward-Link.com gateway. The e-Cover portal facilitates the integration of the e-Cover Note solution to JPJ back-end systems through the Reward-Link.com gateway. The process flow linking the e-Cover portal to the gateway and JPJ is shown above in Section 4.3.3(A)(i).

4 INFORMATION ON REXIT GROUP (Cont'd)

Features	<ul style="list-style-type: none"> ▪ The e-Cover Note solution can run on server such as Intel Pentium 4 or above as well as operating systems such as Windows 2000/2003/NT and Linux Redhat 7.2 ▪ Provides secured, authentication, non-repudiation and guaranteed delivery of electronic transactions ▪ Can be used for delivery of critical e-business transactions besides e-Cover Note ▪ Provides SMS facilities whereby JPJ status notification can be instantly sent out via SMS upon confirmation from JPJ
Benefits	<ul style="list-style-type: none"> ▪ Promotes the usage of Internet technology and in line with the Government/JPJ's eINSURANS initiative ▪ Eliminates cover note fraud ▪ Improves customer service ▪ Enables the achievement of a paperless environment
Customer(s)	<ul style="list-style-type: none"> ▪ Reward-Link.com

(B) COMPLEMENTARY/VALUE ADDED SERVICES

(i) Maintenance and Technical Services

Application Software Maintenance is maintenance provided for its own products sold. Here, the Rexit Group is engaged to provide troubleshooting, resolution and rectification of errors, program enhancements and modifications, reconstruction of software and attend to data corruption arising from hardware failure and modification of the software relating to statutory requirements for its customers.

The Rexit Group also provides hardware and system software maintenance and technical services for the hardware and system software sold.

(ii) System Sales and Integration

The Rexit Group sells hardware and system software as purely complementary sales and added revenue to the sales of its proprietary products.

The Rexit Group also provides services to develop application solutions based on its customers' specifications and requirements to integrate and complement its customers' existing software, where it retains the intellectual property rights.

In addition, the Rexit Group also provides value-added services such as conceptual development and project management to overall systems implementation to assist its customers to accelerate cycle times, streamline processes and reduce costs at the point of sales of their own products.

4 INFORMATION ON REXIT GROUP (Cont'd)

The Rexit Group's customers for provision of its complementary/value added services are as follow:-

Software Development	<ul style="list-style-type: none"> ▪ Kurnia Insurans (Malaysia) Berhad ▪ Allianz General Insurance Malaysia Berhad ▪ Tokio Marine Insurans (Malaysia) Berhad ▪ Commerce Assurance Berhad (formally known as AMI Insurans Berhad) ▪ Multi-Purpose Insurans Bhd ▪ Hong Leong Assurance Berhad ▪ Uni.Asia General Insurance Berhad
Application Software Maintenance[^]	<ul style="list-style-type: none"> ▪ Allianz General Insurance Malaysia Berhad ▪ Tokio Marine Insurans (Malaysia) Berhad
Hardware Maintenance and System Software Maintenance[^]	<ul style="list-style-type: none"> ▪ Kurnia Insurans (Malaysia) Berhad ▪ Kurnia Insurans (Thailand) Co. Ltd ▪ Allianz Life Insurance Malaysia Berhad ▪ Allianz General Insurance Malaysia Berhad ▪ Tokio Marine Insurans (Malaysia) Berhad ▪ Uni.Asia General Insurance Berhad

[^] Maintenance contracts are renewable on a yearly basis

4.3.4 System Architecture

The Rexit Group's products are developed on Java and J2EE platform. Java is an object-oriented language that can run on most operating systems and platforms. J2EE is a programming platform from Sun Microsystems for developing and running multi-tiered architecture applications, based largely on modular components running on an application server. With J2EE, the Rexit Group is able to provide solutions that are portable and scalable besides integrating to existing (legacy) applications. Portability means that its products can run on different hardware and software platforms with minimal changes. Scalability refers to the environment in which the products can be implemented that is ranging from desk-top to mission critical data-centre machines.

Therefore, in adapting the above strategy, products from the Rexit Group are not restricted by any hardware platform or operating systems and databases.

The system architecture is an enterprise architecture layer, which will be hosted by the principal insurers to provide data replication services and other enterprise services through the Web to be accessed by the customers using an industry standard Java based web browser. It is based on multi-tier architecture (Customer Browser/Mobile Device – Web Application Server – Database Server), which preserves the advantages of the customer-server architecture while simplifying the complexity by adding an additional tier between customers and the services they access. The middle tier (i.e. Web Application Server) can manage customer-server resources more efficiently and provide greater scalability, using techniques such as resource pooling and caching. The Web Application Server can be deployed on single node or multi-node clusters.

4 INFORMATION ON REXIT GROUP (Cont'd)

4.3.5 Competition

The Rexit Group principally operates in the software solutions industry and its potential competitors include all other software houses. However, the Rexit Group operates in a very specialised niche market, i.e. the general insurance industry, in which few players operate due to certain natural barriers to entry such as the requirement to have detailed understanding of the product and workflow of insurance companies.

The Rexit Group's associated company, Reward-Link.com has been licensed by the Government to be a gateway provider between insurance companies and JPJ to facilitate the government's JPJ eINSURANS initiative. Reward-Link.com's competitors include the other two licensed gateways, namely PDX.com Sdn Bhd and Financial Link Sdn Bhd.

Due to the specialised nature of the industry, no industry statistics are available to determine the exact market share of each of the IT solutions providers in the general insurance industry as well as the licensed gateway providers. However, the Board believes that the Rexit Group has certain competitive edge over its competitors as well as new entrants in the general insurance sector, which is a very niche market.

4.3.6 Barriers to Entry

As mentioned in Section 3, the IT software industry has a large number of participants and is subject to rapid change and intense competition. The competitive edge of the Group, as presented in Section 4.3.7, together with the following provide barriers of entry for competition to Rexit's services and products:-

(i) High Entry Cost and Time for Development

The development of the products and services not only involves in-depth domain knowledge, which is acquired only through years of devotion in the industry, but also involves high entry costs, especially in research and development. In addition, the development time is lengthy and involves a long gestation period that will discourage entry from competitors.

(ii) Proven Product Quality and Delivery

The Rexit Group has a proven track record with the successful development and implementation of various developed products and services, namely the IIMS, e-AMS, e-CMS, e-QMS, e-Cover and e-Cover Note solutions.

The successful launch and implementation of these products have testified to the Rexit Group's ability to deliver quality products on time. Such a commitment to deliver quality products on time by the Rexit Group to its customers has established the Rexit Group's reputation in the general insurance market. As such, the Rexit Group's customer base has grown to include local and multinational companies including the market leader of the general insurance industry in Malaysia.

(iii) Established Market Presence

The Rexit Group has established strong and long term customer relationships with its customers. The Rexit Group's strong customer base comprises local

4 INFORMATION ON REXIT GROUP (Cont'd)

and multinational general insurance customers including Kurnia Insurans (Malaysia) Berhad and Allianz General Insurance Malaysia Berhad, which have been with the Rexit Group since its inception in 1998.

Generally, the investment for the implementation of the Rexit Group's products is considerably high, thus existing customers will not easily change vendors as any changes may have potentially adverse disruptive implications on their operations. The acceptance and usage of the e-Cover portal by the large number of insurance agents to transact their business online also serves as a deterrent for these customers to switch vendors. Also, prospective customers will look for reference sites as an important factor in selecting vendors for their projects and the Rexit Group's strong customer base will provide such reference. In view thereof, the Rexit Group will be able to maintain and grow its market share in the general insurance sector.

4.3.7 Competitive Edge

(i) Specialisation in the Niche Market

The Rexit Group operates in the general insurance industry, which is a very niche market. The general insurance IT solution market is very distinctive from the normal IT solutions space, which caters for manufacturing, trading and wholesale industries. The creation of software that really adds value to the general insurance companies requires in-depth domain knowledge of the general insurance industry.

In this respect, the Rexit Group has devoted much time and effort over the years to acquire the requisite in-depth knowledge and experience, in particular in respect of the business processes and workflows, which has enabled the Rexit Group to provide a more complete range of products and services to satisfy the needs of its customers. The Board believes that it has a competitive edge over its competitors as most of its competitors are neither focusing on nor specialising in developing application software for the general insurance industry.

(ii) Product Differentiation

The Rexit Group provides a more complete range of products and services especially for the general insurance market. Its products and services are web-based and its customers can evolve their businesses to take advantage of technology enabled fulfillment solutions as well as the online market. Customers can also look to the Internet applications to cut costs and become more efficient.

The Rexit Group's products are highly scalable and can integrate seamlessly into its customers' legacy systems. The scalability of its products offers its customers the flexibility to select the desired products based on their individual budgets and needs. It also encourages the customers to constantly upgrade their systems to be in-line with the ever-changing technology. The flexibility offered includes carrying out product adaptation and customisation to meet local conditions and/or preferences.

4 INFORMATION ON REXIT GROUP (Cont'd)

The Rexit Group's suite of products and services provide the following added values:-

- Provides greater flexibility for insurance companies in structuring and monitoring of benefits.
- Allows for the development of benefits across provider types.
- Facilitates extensive portfolio analysis to enhance decision-making support and strategic planning.
- Provides real-time information, which can be accessed immediately through the help desk feature thus enhancing customer service and for analysis purposes at a later time.
- To provide online facility to the insurance companies to manage accurately and timely the accounts receivable and remittance of premium from its agents.

(iii) Experienced Management and Technical Team

The Rexit Group's key management and technical personnel are well versed with the general insurance industry. Rexit's promoters, namely Chung Hon Cheong and Si Tho Yoke Meng, have been involved in the insurance industry for the past 15 years. Rexit's technical personnel Tong Tin Heng and Loo Hooi Teck have also been with the Rexit Group since its inception.

They have the requisite technological and in-depth domain knowledge, in particular in respect of the business processes and workflows. They understand the needs of the industry and are therefore able to provide products and services to cater to the customers' particular needs. They are also able to continuously monitor the needs of the industry and anticipate changes in terms of technology, thus providing customers with updated products.

(iv) Licensed Electronic Cover Note Gateway Provider

Rexit's associated company, Reward-Link.com was appointed by the Ministry of Transport on 16 April 2004 as one of the three (3) gateway providers between insurance companies and JPJ. This appointment authorises Reward-Link.com to facilitate the government's JPJ eINSURANS initiative with approval from BNM to carry out the e-Cover Note transactions.






The long standing problem of forged cover notes will be resolved as JPJ eINSURANS application has come into operation. With the effective implementation from 2 January 2005, physical cover notes are no longer accepted and all insurance companies must sign up with the appointed gateway providers to channel information to JPJ and are therefore required to deliver cover notes electronically to JPJ.

4.3.8 Intellectual Property, Proprietary Rights, Licenses, Brand Names and Trademarks

All products of the Rexit Group are internally developed by its team of in-house developers. The Group's software comprises proprietary application software targeted for the general insurance industry. The Rexit Group recognises the importance of its intellectual property rights to its continuing success and has taken the necessary steps to protect its intellectual property rights.

4 INFORMATION ON REXIT GROUP (Cont'd)

Rexit Group is currently seeking protection for its brand names to ensure that there is no infringement or misuse of its brand names. The table below sets out the trademarks applied for which are still pending registration.

Trade Mark	Class	Application No.	Filing Date
 (series of 2 marks in colour and in black & white)	9	05008978	06 June 2005
	42	05008977	
REXIT (series of 2 marks in colour and in black & white)	9	05008976	
	42	05008975	
 (series of 2 marks in colour and in black & white)	9	05008980	
	42	05008979	
 (Series of 2 marks in colour and in black & white)	9	05015443	15 September 2005
	42	05015444	
 (Series of 2 marks in colour and in black & white)	9	05008983	06 June 2005
	42	05008986	
 (Series of 2 marks in colour and in black & white)	9	05008984	
	42	05008985	
R LINK R LINK R Link R Link (series of 4 marks)	9	05008982	
	42	05008981	

Note :

- (i) Class 9 is in respect of computer software and programs
- (ii) Class 42 is in respect of design and development of computer software, installation of computer software, maintenance of computer software, updating of computer software, computer systems analysis and computer programming

All source codes for their application solutions are protected by passwords, which are only accessible by authorised personnel. Furthermore, the development of the application solutions is segregated to a few R&D personnel and merged by authorised personnel in order to ensure

4 INFORMATION ON REXIT GROUP (Cont'd)

that the source codes to its solutions are secured. In addition, the Rexit Group also ensures that all employees signed a confidentiality agreement upon their employment.

4.3.9 R&D

The Rexit Group recognises the importance of conducting continuous R&D to remain competitive. In its continuous R&D efforts towards developing insurance application solutions, Rexit Software was granted MSC status by MDC. As at 21 September 2005, the Group has a total of 53 employees and contract workers in the R&D team with the following composition:-

	No. of R&D Personnel
Chief Technology Officer	1
Senior Managers / Managers	2
Assistant Managers	3
Senior Executives	6
Executives	27
Contract Workers	14
Total	53

The Group will continue R&D to design and develop new products and services and enhance existing products and services to offer its customers efficiency and productivity generating products and services whilst enhancing its earnings base and keeping abreast of competition. As R&D is crucial to the Rexit Group's continued success as one of the leading developer of IT solutions for the general insurance industry, the Rexit Group will continue to invest in building up a strong R&D team.

The R&D of the Rexit Group is carried out by its MSC status subsidiary, Rexit Software. The Group's R&D policy is centered on the following:-

- To create new IT solutions and applications that enable its clients in the general insurance industry to achieve greater efficiency and cost savings.
- To enhance its existing solutions with new features and upgrades to remain competitive.
- To develop and expand the services available for subscription on the e-Cover portal.

4.3.10 Employees

As at 21 September 2005, the Group has 67 staff employed in the following capacities:-

Department	Number of employees	Average years of service
Management	4	4.8
Senior Managers / Managers	3	7.0
Assistant Managers	3	4.9
Senior Executives	8	4.8
Executives	29	2.0

4 INFORMATION ON REXIT GROUP (Cont'd)

Department	Number of employees	Average years of service
Clerical, Secretarial and General Workers	6	2.2
Contract	14	1.0
Total	67	

The Group provides various kinds of training to its employees. Employees are exposed to various R&D functions in order to ensure that they are adequately acquainted with the Group's R&D and product implementation processes. Currently, the employees of the Group, including the promoters, are duly certified in a number of areas by the various principals of the Group.

The employees of the Group do not belong to any labour union and enjoy a cordial relationship with the management. There is and has been no labour dispute between the employees and the management.

4.3.11 Principal Assets And Principal Place Of Business

The Rexit Group's operations are currently situated at its headquarters at 42, Jalan BM 1/2, Taman Bukit Mayang Emas, 47301 Petaling Jaya, Selangor. The premises are owned by Rexit Solutions.

4.3.12 Marketing Strategies

The Rexit Group principally operates in Malaysia and its products and services are for the general insurance industry. The Rexit Group wishes to realise its vision to become the largest regional internet B2B service provider for the insurance industry by adopting the following marketing strategies:

1. Securing additional business from existing customers by promoting its other products and especially the e-Cover portal services that are currently not used by these customers.
2. Securing business from new customers locally and abroad. The Group has plans to use its IPO proceeds to promote usage of its insurance solutions to insurance companies which are currently not using its solutions and also to increase the subscribers base of the e-Cover portal. It also intends to promote its insurance solutions and the e-Cover portal services to other local insurance companies and countries in the ASEAN region.
3. Increasing its profile and market presence towards building a strong corporate image and brand name as follows:
 - ↳ Listing on the MESDAQ Market which will increase its profile significantly
 - ↳ Increase media coverage by deploying advertisements in carefully selected types of media

4 INFORMATION ON REXIT GROUP (Cont'd)

4.4 SUBSIDIARIES AND ASSOCIATED COMPANY**4.4.1 Information on Rexit Solutions****(i) History and business**

Rexit Solutions was incorporated in Malaysia on 21 February 1998 under the Act as a private limited company and commenced operations in August 1998.

Rexit Solutions is principally involved in the sale of application software solutions and related products and services. As at 21 September 2005, Rexit Solutions does not have any subsidiary or associated companies.

(ii) Share capital

The present authorised share capital of Rexit Solutions is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, whilst the issued and paid-up share capital is RM160,000 comprising 160,000 ordinary shares of RM1.00 each.

Details of the changes in the issued and paid-up share capital of the company since its incorporation are as follows: -

Date of Allotment	No. of ordinary shares allotted	Par Value (RM)	Consideration	Total Cumulative (RM)
21.02.1998	2	1.00	Subscribers' shares	2
27.08.1998	99,998	1.00	Cash	100,000
06.12.2004	60,000	1.00	Cash	160,000

4.4.2 Information on Rexit(M)**(i) History and business**

Rexit(M) was incorporated in Malaysia on 23 March 1999 under the Act as a private limited company.

Rexit(M) is principally involved in the provision of software technical and consultancy services in the Asia Pacific region. As at 21 September 2005, Rexit(M) does not have any subsidiary or associated companies.

(ii) Share capital

The present authorised share capital of Rexit(M) is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of Rexit(M) is RM1,000 comprising 1,000 ordinary shares of RM1.00 each.

Details of the changes in the issued and paid-up share capital of the company since its incorporation are as follows: -

4 INFORMATION ON REXIT GROUP (Cont'd)

Date of Allotment	No. of ordinary shares allotted	Par Value (RM)	Consideration	Total Cumulative (RM)
23.03.1999	2	1.00	Subscribers' shares	2
10.07.2001	98	1.00	Cash	98
11.07.2001	900	1.00	Cash	1,000

4.4.3 Information on Rexit Software**(i) History and business**

Rexit Software was incorporated in Malaysia on 17 June 2004 under the Act as a private limited company.

Rexit Software is principally involved in research and development of application software solutions and provision of related services. It was granted MSC status on 1 December 2004. As at 21 September 2005, Rexit Software does not have any subsidiary or associated companies.

(ii) Share capital

The present authorised share capital of Rexit Software is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of Rexit Software is RM2.00 comprising 2 ordinary shares of RM1.00 each.

Details of the changes in the paid-up capital of the company since its incorporation are as follows:-

Date of Allotment	No. of ordinary shares allotted	Par Value (RM)	Consideration	Total (RM)
17.06.2004	2	1.00	Subscribers' shares	2

4.4.4 Information on Reward-Link.com**(i) History and business**

Reward-Link.com was incorporated on 1 March 2000 under the Act as a private limited company. Reward-Link.com is principally the Malaysian government authorised JPJ eINSURANS gateway provider between insurance companies and JPJ. As at 21 September 2005, Reward-Link.com does not have any subsidiary or associated companies.

(ii) Share capital

The present authorised and paid-up share capital of Reward-Link.com is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The shareholders of Reward-Link.com are Festa Wira Sdn Bhd (51%), Rexit (20%) and Kong Hien Hau (29%).

4 INFORMATION ON REXIT GROUP (Cont'd)

Details of the changes in the paid-up capital of the company since its incorporation are as follows:-

Date of Allotment	No. of ordinary shares allotted	Par Value (RM)	Consideration	Total Cumulative (RM)
01.03.2000	2	1.00	Subscribers' shares	2
02.05.2000	499,998	1.00	Cash	500,000
16.04.2004	4,500,000	1.00	Cash	5,000,000

4.5 MAJOR CUSTOMERS

Based on the latest audited financial year ended 30 June 2005, the top ten (10) customers of the Group are as follows:-

Name of Customer	Contribution to Revenue (%)	Length of Relationship (years)
Kurnia Insurans (Malaysia) Berhad ("Kurnia")	70.43	7
Tokio Marine Insurans (Malaysia) Berhad	9.95	6
Allianz General Insurance Malaysia Berhad	7.34	7
Reward-Link.com	4.77	2
Commerce Assurance Berhad	3.37	4
Allianz Life Insurance Malaysia Berhad	1.65	3
Hong Leong Assurance Berhad	1.02	6
Uni.Asia General Insurance Berhad	0.36	6
TM Net Sdn Bhd	0.19	1
Kurnia Insurans (Thailand) Co. Ltd	0.17	4

A significant proportion of the Group's revenues are contributed by Kurnia. The degree of dependency on its major customer, Kurnia, is mitigated by the following factors:-

- The Rexit Group has established long-term relationships with all its customers especially Kurnia and Allianz General Insurance Malaysia Berhad, which are the 2 largest general insurance companies in Malaysia and have been using the Group's products and services since its inception in 1998.
- Premised on its competitive advantages in operating and managing its e-Cover portal in Malaysia and in its provision of general insurance application solutions, the Rexit Group has secured a number of new customers and has also been receiving orders from its existing customers for new and existing products and services. This reduces the Rexit Group's reliance on any particular customer.
- The main reasons for the significant 70.43% contribution to revenues from Kurnia in FYE 30 June 2005 is the upgrading of Kurnia's computer systems arising from the provision of the e-Cover portal services to its agents in conjunction with the launch of the nationwide

4 INFORMATION ON REXIT GROUP (Cont'd)

JPJ's eINSURANS e-Cover Note initiative on 2 January 2005, and the implementation of Kurnia's IIMS application solution.

Please refer to section 3.1(v) of this Prospectus with regards to risks associated with major customers.

4.6 MAJOR SUPPLIERS

Based on the latest audited financial year ended 30 June 2005, the top ten (10) suppliers are as follows:-

Name of Supplier	Contribution to Purchases (%)	Length of Relationship (years)
Azure Technologies (Malaysia) Sdn Bhd	37.97	5
ComputerTek System Sdn Bhd	27.02	6
Hewlett-Packard (M) Sdn Bhd	19.48	4
KISL Technology Centre Sdn Bhd	4.93	3
Network Alliance Technology Sdn Bhd	3.85	4
Transilco Radiance Communication Sdn Bhd	0.80	1
Arahe Systems Sdn Bhd	0.58	1
AKN Messaging Technologies Bhd	0.38	1
Jardine OneSolution (2001) Sdn Bhd	0.34	2
Powerware Systems Sdn Bhd	0.32	4

It should be noted that the top three (3) suppliers contribute about 84% to the Group's purchases.

Notwithstanding the level of purchases above, the Rexit Group can easily source its hardware and system software from other suppliers and/or authorised distributors in the event that any of their current suppliers set out above cease to be a supplier/authorised distributor. Furthermore, the Rexit Group's products can easily be deployed to types of hardware and system software other than those sold by the above suppliers. However, in view that the Rexit Group has established strong business relationships with its major suppliers, the Directors are of the view that the business relationships will continue or further strengthen.

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5 INDUSTRY OVERVIEW

5.1 OUTLOOK OF THE GLOBAL AND MALAYSIAN ECONOMY

Global growth in the second quarter remained strong. Growth in the United States (US) and the People's Republic of China (PR China) was sustained while there were stronger signs of recovery in the euro area and Japan.

Going forward, while high oil prices and rising inflationary pressures are a concern, the momentum of global demand is expected to be sustained in the second half of the year following favourable indicators from the US and more recently from the euro area and Japan. Prospects are also reinforced by an expected improvement in the global electronic sector in the latter part of the year.

The Malaysian economy expanded by 4.1% in the second quarter of 2005 (1Q 2005: 5.8%), driven mainly by private sector activity. The services sector provided the main impetus to growth, contributing to 3.1 percentage points to growth, underpinned by strong consumer spending, travel and business activity.

Meanwhile, the finance, insurance, real estate and business services sub-sector increased by 4.7% during the quarter. This sector was supported by continued bank lending activities and further reinforced by strong insurance activities, particularly the life insurance segment. Growth in the utilities sub-sector continued to remain firm at 6% (1Q 2005: 5.9%) reflecting demand for electricity from all categories of users, namely, industrial, commercial and households.

Prospects for the Malaysian economy in the second half-year remain favourable. Global demand is expected to be sustained in the second half of the year based on the favourable indicators emerging recently from the US, Japan and the euro area, and further reinforced by the expected improvement in the global electronics sector in the latter part of the year. The favourable external environment is therefore expected to support the expansion in domestic demand.

(Source: Bank Negara Malaysia Quarterly Bulletin 2005/Q2)

The Malaysian economy remained resilient in the first half of the year, despite slower world growth and sharply rising international oil prices. The Gross Domestic Product (GDP) of the economy grew by 4.9% in the first half of 2005, largely driven by private sector activities. Private consumption and investment continued to increase on the basis of improved investor confidence. Gross foreign direct investment totalled RM8 billion in the first half of 2005.

Global economic prospects are expected to be more challenging, following persistent sharp increases in oil prices and the less accommodative monetary stance of developed countries, particularly in the US. It is inevitable that global developments will have an impact on the Malaysian economy. However, the Government is confident that, with the measures in this Budget, growth will remain strong at 5.5% in 2006.

(Source : 2006 Budget Speech)

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5 INDUSTRY OVERVIEW (Cont'd)

5.2 OVERVIEW OF THE INSURANCE INDUSTRY

As the Rexit Group is a niche player in the general insurance solutions provider market, the prospects of the insurance industry will have a direct impact on the prospects of the Rexit Group.

The insurance industry maintained its growth momentum in 2004. Strong demand for life insurance, particularly in investment-linked insurance, sustained overall growth at double digit levels. This was despite the slower growth in the general sector following a second year of premium rate corrections after significant rate increases in 2001-2002. The combined premium income grew by 17.2%, significantly exceeding the growth in 2003. Importantly, growth in 2004 was accompanied by a further strengthening of the industry's solvency position, continued profitability and improved technical fundamentals in terms of investment structures and underwriting practices.

The insurance industry registered a second consecutive year of double-digit growth in 2004, supported by robust growth in the life sector. The combined premium income for life and general business increased at a stronger pace of 17.2% (2003: 11.6%) to achieve RM22,038.9 million (2003: RM18,812.3 million). The life business continued to enjoy exceptionally strong demand for single premium investment-linked and endowment products which underpinned an impressive growth in life premium income of 22.4% (2003: 14.2%). Growth in the general sector, however, remained sluggish as the combination of premium rate reductions following a further correction of the hard market cycle and weaker demand in the commercial lines slowed the growth in gross direct premiums.

The outlook for the insurance industry remains positive. Notwithstanding more competitive market conditions, the increase in economic activity, rising income levels and strong domestic consumption, as well as growing risk awareness among both business enterprises and individuals would continue to result in increased demand for insurance. Stabilisation of prices will be an important additional determinant of growth in the general sector. In this respect, expectations are that reinsurance pricing in the international market will remain disciplined, thereby limiting the ability of direct insurers to cut rates further. Any additional premium reductions in future can therefore, be expected to be more measured. The prevailing investment climate, however, will continue to pose a challenge to life insurers. As such, continuing improvements to the underlying asset-liability structures of life insurance funds will be important to maintain stability in the long term.

Premium Growth and Distribution in the General Business

Growth in the general insurance sector moderated further in 2004, slowing to less than half of the average growth of 10.2% achieved for the period 1994-2003. Total gross direct premiums increased by only 4.2%, the lowest level recorded by the industry since returning to positive growth in 2000 after the effects of the Asian financial crisis. Premiums increased to RM8,532.5 million, with over 70% of the premium growth derived from motor business.

After recording slower growth in 2003, motor gross direct premiums rebounded to register a stronger growth of 6.7% in 2004, following robust motor vehicle sales which topped 480,000 units (2003: 405,010 units). Vehicle sales were mainly boosted by more affordable financing available in the prevailing low interest environment, coupled with more competitive vehicle prices as a result of greater competition among car manufacturers. The stronger growth achieved for motor business against the slower growth in almost all other classes of business marginally strengthened its dominance in the general sector to account for a higher share of 45.3% (2003: 44.3%) of total gross direct premiums written by the industry in 2004.

The motor insurance market remained highly concentrated. Six major motor insurers continued to secure more than half, or 55.2% (2003: 53.4%), of the market. A more competitive market is expected to emerge with the progressive deregulation of the motor

5 INDUSTRY OVERVIEW (Cont'd)

insurance tariff in line with the recommendations of the Financial Sector Masterplan (FSMP). This, together with the larger number of takaful operators providing takaful (Islamic insurance) alternatives in the market, should pave the way for greater price competition within the motor sector. These developments will also augur well for consumers who stand to benefit from more competitively priced products and higher service standards.

The vast majority of general insurers continued to operate significantly below optimal levels, with 22 out of the 35 licensed general insurers reporting net premium to shareholders' fund ratios below 100%. The capacity building initiatives being undertaken by the Bank under the FSMP are therefore aimed at strengthening the core competencies of insurers to support growth and improve performance. The current lack of a critical mass among general insurers also indicates that substantial scope remains for further consolidation to take place in the market so that insurers are able to reap increased economies of scale.

Premium Income				
Year	Gross Premiums ¹	Gross Direct Premiums	Net Premiums	Retention Ratio (%)
	RM million			
2000	5,648.4	5,928.6	5,057.3	89.5
2001	5,971.1	6,404.0	5,386.7	90.2
2002	6,933.2	7,449.1	6,022.3	86.9
2003	7,522.0	8,186.3	6,437.9	85.6
2004	7,857.8	8,532.5	6,895.5	87.8
% change				
2000	7.4	9.2	10.4	n.a.
2001	5.7	8.0	6.5	n.a.
2002	16.1	16.3	11.8	n.a.
2003	8.5	9.9	6.9	n.a.
2004	4.5	4.2	7.1	n.a.

¹ Gross direct and reinsurance accepted premiums less reinsurances within Malaysia
n.a. Not applicable

Distribution of Gross Direct Premiums

Year	Marine, Aviation and Transit	Contractors' All Risks and Engineering	Fire	Medical Expenses and Personal Accident	Motor			Liability	Workmen's Compensation and Employers' Liability	Miscellaneous	Total
					'Act' Cover ¹	Others	Total				
RM million											
2000	441.8	272.4	1,251.6	611.4	391.4	2,424.3	2,815.7	118.3	82.5	334.9	5,928.6
2001	461.6	324.2	1,275.4	652.6	378.7	2,715.8	3,094.5	146.6	79.9	369.2	6,404.0
2002	748.2	413.0	1,458.6	703.6	405.4	3,026.3	3,431.7	205.3	85.6	403.1	7,449.1
2003	908.5	465.9	1,585.1	809.0	413.5	3,211.3	3,624.8	262.2	104.6	426.2	8,186.3
2004	853.7	405.1	1,660.2	893.8	446.0	3,421.3	3,867.3	273.7	112.7	466.0	8,532.5
% change											
2000	2.9	2.7	0.6	12.3	12.3	17.2	16.5	16.3	0.1	-2.3	9.2
2001	4.5	19.0	1.9	6.7	-3.2	12.0	9.9	23.9	-3.2	10.2	8.0
2002	62.1	27.4	14.4	7.8	7.1	11.4	10.9	40.0	7.1	9.2	16.3
2003	21.4	12.8	8.7	15.0	2.0	6.1	5.6	27.7	22.2	5.7	9.9
2004	-6.0	-13.1	4.7	10.5	7.9	6.5	6.7	4.4	7.8	9.3	4.2
% share											
2000	7.5	4.6	21.1	10.3	6.6	40.9	47.5	2.0	1.4	5.6	100.0
2001	7.2	5.1	19.9	10.2	5.9	42.4	48.3	2.3	1.2	5.8	100.0
2002	10.0	5.5	19.6	9.5	5.4	40.6	46.0	2.8	1.2	5.4	100.0
2003	11.1	5.7	19.4	9.9	5.1	39.2	44.3	3.2	1.2	5.2	100.0
2004	10.0	4.7	19.5	10.5	5.2	40.1	45.3	3.2	1.3	5.5	100.0

¹ Compulsory insurance cover required under the Road Transport Act 1987

(Source : BNM Insurance Annual Report 2004)

5 INDUSTRY OVERVIEW (Cont'd)

5.3 OVERVIEW OF THE MALAYSIAN IT INDUSTRY

Pioneer Status has been granted to many companies, including multinationals, to attract investors to Malaysia. The main sectors that have already been granted with this incentive, in addition to the Multimedia Super Corridor (MSC), include the manufacturing and tourism sectors. To further enhance the effectiveness of this incentive, the Government proposes that accumulated losses and unabsorbed capital allowances during the pioneer period be allowed to be carried forward and be deducted from the postpioneer income.

Presently, multimedia companies operating outside of Cybercities (Cyberjaya, Kuala Lumpur City Centre, Technology Park Malaysia, Bayan Lepas in Pulau Pinang and Kulim HiTech Park in Kedah) do not enjoy tax incentives given to MSC-status companies. To further encourage ICT and multimedia activities including Regional Shared Services Centres, throughout the country, the Government proposes Pioneer Status of 50% income tax exemption for 5 years or Investment Tax Allowance of 50% be given to qualifying companies operating outside Cybercities. This incentive will only be extended to companies endorsed by the Multimedia Development Corporation (MDC).

The Government wishes to encourage Malaysian ICT companies to grow and penetrate global markets. MDC will work together with Permodalan Nasional Berhad (PNB) and Khazanah to identify and match leading MSC status companies with suitable GLCs to test bed their products. These GLCs will become reference sites to showcase the products of MSC-status companies when marketing to prospective customers globally.

(Source : 2006 Budget Speech)

5.4 INDUSTRY AND GROUP PROSPECTS

As noted from the statistics above, the insurance industry is on a growth trend. As the industry grow with more product variants and stronger corporate governance requirements, the requirement for IT backend systems also increases.

The motor insurance industry, one of the most active with volume transacted is also on a growing trend in line with economic growth. From the table below, as extracted from statistics released by JPJ, the number of vehicles has been growing even despite the economic slump in 1997.

Year	Total number of vehicles *
1987	3,674,484
1988	3,865,709
1989	4,155,196
1990	4,547,414
1991	4,942,038
1992	5,259,834
1993	5,656,040
1994	6,253,334
1995	6,897,434
1996	7,686,684
1997	8,550,469
1998	9,141,357
1999	9,929,951
2000	10,598,804
2001	11,302,545
2002	12,021,939

* includes motorcycle, car, bus, taxi and others

5 INDUSTRY OVERVIEW (Cont'd)

According to the BNM Insurance Annual Report 2004, the general insurance collected gross direct premium of RM8.532 billion in 2004, an increase of 4.24% from RM8.185 billion in 2003. Motor insurance business remained the largest category, contributing 45.3% to the total gross premium.

Group Prospects

Moving forward, the Group will continue to remain focused in developing insurance products and other services via its e-Cover portal. The development and implementation of the Rexit Group's e-Cover portal and Reward-Link.com's e-Cover Note services has enabled the Company to transform itself from being merely a conventional software player into one that will be able to leverage on delivering its products, services and solutions via the Internet through the e-Cover portal. The e-Cover portal will also be a reference point in promoting its wide range of insurance products and services. The Rexit Group has established itself in Malaysia and will continue to leverage on its strong customer base as the platform for future growth and expansion into the ASEAN region.

To grow its market share, the Group will particularly focus on the opportunities available for selling its products and solutions via the Internet through the e-Cover portal. The Group's position can be further strengthened with the e-Cover Note initiative and other spin-offs services for the e-Cover portal are anticipated. Such spin-offs may include the provision of e-Cover Note solutions for other non-motor classes of insurance, provision of related services to other industries such as the financial services industry and revenues from cross selling opportunities.

To date, more than 16,000 agents have signed up for the e-Cover portal processing an average of 280,000 transactions with gross premiums averaging RM110 million per month from January 2005 to August 2005. Based on management's estimates, the number of subscribers to the e-Cover portal is expected to grow further. The Rexit Group will use the extensive agency network as a platform to promote and grow the e-Cover portal not only to facilitate the e-Cover note transactions but also to potentially manage the agencies' other businesses online.

The Board believes that the demand for the Group's products and services will also grow with the increased market awareness of the Rexit Group among general insurers.

The Group's IPO will further strengthen the Group financially, thus allowing it to pursue its growth strategy and effectively withstand competition and business fluctuations.

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6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL

6.1 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

The promoters, substantial shareholders and directors of Rexit and their respective shareholdings in Rexit are as follows:-

Name	Nationality/ Place of Incorporation	Designation	← After the Public Issue →			
			← Shareholding →			
			Direct	%	Indirect	%
Promoters						
Rexit Venture	Malaysia	-	69,232,520	48.76	-	-
Chung Hon Cheong	Malaysian	CEO	4,596,250 [^]	3.24	69,232,520 ^(a)	48.76
Si Tho Yoke Meng	Malaysian	COO	750,000 [^]	0.53	69,232,520 ^(a)	48.76
Substantial Shareholders						
Rexit Venture	Malaysia	-	69,232,520	48.76	-	-
Chung Hon Cheong	Malaysian	CEO	4,596,250 [^]	3.24	69,232,520 ^(a)	48.76
Si Tho Yoke Meng	Malaysian	COO	750,000 [^]	0.53	69,232,520 ^(a)	48.76
Festa Wira Sdn Bhd	Malaysia	-	23,077,500	16.25	-	-
Leong Chow Yin	Malaysian	-	-	-	23,077,500 ^(b)	16.25
Khoo Kwee Gim	Malaysian	-	-	-	23,077,500 ^(b)	16.25
Directors						
Chung Hon Cheong	Malaysian	CEO	4,596,250 [^]	3.24	69,232,520 ^(a)	48.76
Si Tho Yoke Meng	Malaysian	COO	750,000 [^]	0.53	69,232,520 ^(a)	48.76
Datuk Ng Kam Chiu	Malaysian	Independent Non- Executive Chairman	200,000 [^]	0.14	-	-
Chan Eng Mat	Malaysian	Independent Non- Executive Director	200,000 [^]	0.14	-	-

Note:-

(a) Deemed interested through his direct interests in Rexit Venture by virtue of section 6A of the Act

(b) Deemed interested through her direct interests in Festa Wira Sdn Bhd by virtue of section 6A of the Act

[^] Assumed the eligible substantial shareholders and directors subscribe for their respective entitlements to the pink form shares allocation and no exercise of ESOS options

The profiles and track record of promoters, substantial shareholders and directors of the Rexit Group are outlined in Section 6.2 below.

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6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

6.2 PROMOTERS, DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

6.2.1 Profile of the Promoters of Rexit

- (i) **Rexit Venture** was incorporated in Malaysia on 18 December 1999 under the Act as a private limited company under the name Net.Cover Agency Sdn Bhd. The company then changed its name to Agencylink Dotcom Sdn Bhd on 9 March 2000 and subsequently to Rexit Venture on 3 March 2004.

The authorised share capital of Rexit Venture as at 21 September 2005 is at RM100,000 comprising 100,000 ordinary share of RM1.00 each, fully paid-up.

The substantial shareholders of Rexit Venture and their respective shareholdings are as follow:-

Name	Nationality	No. of shares			
		Direct	%	Indirect	%
Chung Hon Cheong	Malaysian	70,000	70.00	-	-
Si Tho Yoke Meng	Malaysian	15,000	15.00	-	-
Tong Tin Heng	Malaysian	5,000	5.00	-	-
Wong Keng San	Malaysian	5,000	5.00	-	-
Loo Hooi Teck	Malaysian	5,000	5.00	-	-

Rexit Venture's principal activity is that of investment holding. The directors of Rexit Venture as at 21 September 2005 are Chung Hon Cheong and Si Tho Yoke Meng.

- (ii) **Chung Hon Cheong**, aged 44, is the Chief Executive Officer of Rexit and was appointed to the Board of Rexit on 2 September 2005. He started his involvement in IT in the early 80's with Computer Information Systems Sdn Bhd, a bureau services company providing data processing services for insurance companies. He then left to join System Maju Sdn Bhd, a Wang Computers distributor, a company specializing in IT hardware and software. In 1985, he co-founded Power Computer Supplies Sdn Bhd, a company principally involved in software development for general insurance companies. He subsequently sold his shares in this venture in 1996. From 1996 to 2001, he was involved in providing general consultancy services. In 2001 he joined ETSC Dotcom Sdn Bhd (now known as Rexit Technology Sdn Bhd), a company involved in conducting research and development in RFID applications. ETSC Dotcom Sdn Bhd successfully developed the electronic locate, identify and track engine (e-LIT engine), an RFID-based application which was tested in collaboration with University Sains Malaysia with commendable results. In 2002, he was appointed Managing Director of Rexit Solutions and subsequently in 2003, he acquired Rexit Solutions through Rexit Venture. With great vision and leadership, he is recognised in the general insurance industry and is also a key factor in steering the steady growth of the Rexit Group to become a respected software company in the IT industry.
- (iii) **Si Tho Yoke Meng**, aged 44, is the Chief Operating Officer of Rexit and was appointed to the Board of Rexit on 2 September 2005. He started his career in the early 80's with Komputer Usaha Sdn Bhd, which he contributed vastly in development and project management. In 1987, he joined Power Computer

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

Supplies Sdn Bhd, a company principally involved in software development for general insurance companies, where he was involved in managing, planning, directing and monitoring IT development activities. From 1996 to 2001, he was involved in providing general consultancy services. In 2001, he joined ETSC Dotcom Sdn Bhd (now known as Rexit Technology Sdn Bhd), a company involved in conducting research and development in RFID applications. The company successfully developed the electronic locate, identify and track engine (e-LIT engine), an RFID-based application which was tested in collaboration with University Sains Malaysia with commendable results. In 2002, he was appointed the Executive Director of Rexit Solutions and subsequently acquired Rexit Solutions through Rexit Venture in 2003. His vision and leadership is essential in establishing and managing the Rexit Group.

6.2.2 Profile of the Substantial Shareholders of Rexit

(i) Rexit Venture

The profile of Rexit Venture is as detailed in section 6.2.1(i) above.

(ii) Chung Hon Cheong

The profile of Chung Hon Cheong is as detailed in section 6.2.1(ii) above.

(iii) Si Tho Yoke Meng

The profile of Si Tho Yoke Meng is as detailed in section 6.2.1(iii) above.

- (iv) **Festa Wira Sdn Bhd** was incorporated in Malaysia on 2 April 1993 under the Act as a private limited company. The authorised share capital of Festa Wira Sdn Bhd as at 21 September 2005 is RM25,000 comprising 25,000 ordinary shares of RM1.00 each of which RM2 comprising 2 ordinary shares of RM1.00 each is issued and paid up. The substantial shareholders (holding 5% or more of the issued and paid-up capital) of Festa Wira Sdn Bhd as at 21 September 2005 are as follows:-

Name	Nationality	No. of shares			
		Direct	%	Indirect	%
Leong Chow Yin	Malaysian	1	50.0	-	-
Khoo Kwee Gim	Malaysian	1	50.0	-	-

Both Leong Chow Yin and Khoo Kwee Gim are also the directors of Festa Wira Sdn Bhd. Festa Wira Sdn Bhd is principally an investment holding company.

- (v) **Leong Chow Yin**, aged 34, is a director and shareholder of Festa Wira Sdn Bhd. She has 5 years of working experience and exposure in administration. She is presently attached to Kurnia Insurans (Malaysia) Berhad. She is not related to any of the Promoters and/or Directors.
- (vi) **Khoo Kwee Gim**, aged 31, is a director and shareholder of Festa Wira Sdn Bhd. She is a graduate with a Bachelor of Law (Honours) degree from the

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

University of London in 1997. She possesses experience in the legal field having been called to the Malaysian Bar in 2000. She is presently attached to Kurnia Insurans (Malaysia) Berhad. She is not related to any of the Promoters and/or Directors.

6.2.3 Profile of the Directors of Rexit

(i) Chung Hon Cheong

The profile of Chung Hon Cheong is as detailed in section 6.2.1(ii) above.

(ii) Si Tho Yoke Meng

The profile of Si Tho Yoke Meng is as detailed in section 6.2.1(iii) above.

(iii) Datuk Ng Kam Chiu, aged 59, was appointed as Rexit's Independent Non-Executive Chairman on 2 September 2005. He holds a Bachelor of Science (Honours) degree from the University of Singapore and a Masters in Public Administration degree from the University of Southern California (Washington D.C.). He started his career with the Malaysian Administrative and Diplomatic Service in 1970 and worked in the Penang State Secretary's Office. He has since served in the National Institute of Public Administration, the Prime Minister's Department, the Road Transport Department, and the Ministry of Science, Technology and the Environment. He retired from the civil service in 2002. He is presently the Independent Non-Executive Chairman of Axis Incorporation Berhad.

(iv) Chan Eng Mat, aged 51, was appointed as Rexit's Independent Non-Executive Director on 2 September 2005. He is currently a Chartered Accountant engaged in a public practice. He has been approved by the Ministry of Finance since 21 February 1984 to practice as an auditor. Prior to his self-employment, he was the Group Accountant of Kesang Holding Berhad and in the employment of a Chartered Accountants firm. Mr. Chan graduated from Victoria University of Wellington, New Zealand, in 1978, majoring in accountancy. He was admitted to the Institute of Chartered Accountants of New Zealand, the Institute of Chartered Secretaries and Administrators, the Malaysian Institute of Accountants, Malaysian Institute of Taxation and Malaysian Institute of Certified Public Accountants.

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6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

6.2.4 Directors' Directorships and/or Substantial Shareholdings in Other Public Companies for the Past Two (2) Years

Save as disclosed below, none of the Directors hold or held any directorships and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies for the past two (2) years:-

Name	Company	Designation	Date Joined	Shareholding	
				Direct (%)	Indirect (%)
Datuk Ng Kam Chiu	Axis Incorporation Berhad	Independent Non-Executive Chairman	2004	-	-

6.2.5 Substantial Shareholders' Directorships and/or Substantial Shareholdings in Other Public Companies for the Past Two (2) Years

As at 21 September 2005, none of the substantial shareholders of Rexit has any directorship and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies for the past two (2) years.

6.2.6 Executive Directors involvement in the business and other corporations

Details of the Executive Directors of Rexit's involvement in other businesses and corporations as at 21 September 2005 are as follow:-

Executive Director	Company	Principal activities	Designation	Shareholdings	
				Direct (%)	Indirect (%)
Chung Hon Cheong	Rexit Venture	Investment holding	Director	70.00	-
	Rexit Technology Sdn Bhd	Research and development in RFID	Director	20.00	^ 80.00
	Rexit (Labuan) Bhd	Consultancy Services	Director	60.00	-
	Reward-Link.com	Malaysian government authorized gateway provider between the insurance companies and JPJ	Director	-	* 20.00
Si Tho Yoke Meng	Rexit Venture	Investment holding	Director	15.00	-
	Rexit Technology Sdn Bhd	Research and development in RFID	Director	-	^ 80.00
	Rexit (Labuan) Bhd	Consultancy Services	Director	40.00	-

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

Executive Director	Company	Principal activities	Designation	Shareholdings	
				Direct (%)	Indirect (%)
Si Tho Yoke Meng (cont'd)	Reward-Link.com	Malaysian government authorized gateway provider between the insurance companies and JPJ	-	-	* 20.00
	Vertex United Sdn Bhd	Consultancy services	Director	50.00	-

[^] Deemed interested through his shareholdings in Rexit Venture by virtue of Section 6A of the Act

* Deemed interested through his shareholdings in Rexit through Rexit Venture by virtue of Section 6A of the Act

The companies (save for Reward-Link.com), in which the Executive Directors are involved in are not operating actively and the Executive Directors had in the past allocated minimal time in the aforesaid companies. Reward-Link.com is 20%-owned by Rexit and the involvements of these directors are through their substantial shareholdings in Rexit Venture which is the substantial shareholder of Rexit.

6.2.7 None of the Directors is or was involved in the following events whether in or outside Malaysia: -

- (a) A petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) Conviction in a criminal proceedings or is a named subject of a pending criminal proceedings; and
- (c) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

6.2.8 None of the Directors have entered into any service agreements, which are not terminable by notice without payments or compensation other than statutory compensation, with the Group.

6.2.9 Directors' Remuneration and Benefits

The remuneration paid to the Directors of the Company for services rendered in all capacities to the Group for the financial year ended 30 June 2005 amounted to RM799,612. For the financial year ending 30 June 2006, the remuneration payable to the Directors is estimated at RM1,000,000.

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6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

The number of Directors in the various remuneration bands are set out below: -

	Aggregate Remuneration					
	FYE 30 June 2005			FYE 30 June 2006		
	Executive Director	Non-Executive Director	Total	Executive Director	Non-Executive Director	Total
Up to RM100,000	-	-	-	-	2	2
Between RM100,001 and RM200,000	1	-	1	-	-	-
Between RM200,001 and RM300,000	1	-	1	-	-	-
Between RM300,001 and RM400,000	1	-	1	1	-	1
Between RM400,001 And RM500,000	-	-	-	1	-	1

6.3 AUDIT COMMITTEE

The composition of the Audit Committee is as follows: -

Name	Designation	Directorship
Datuk Ng Kam Chiu	Chairman of the Committee	Independent Non-Executive Chairman
Chan Eng Mat	Member of the Committee	Independent Non-Executive Director
Si Tho Yoke Meng	Member of the Committee	Executive Director / Chief Operating Officer

The Audit Committee, comprising two (2) Independent Non-Executive Directors and one (1) Executive Director, is responsible for the recommendations to the Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Group's external auditors. In addition, the Audit Committee reviews and evaluates the Group's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

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6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

6.4 KEY PERSONNEL

(i) Profile

The Board is assisted by a team of experienced management and professional personnel. The profiles of Chung Hon Cheong and Si Tho Yoke Meng are set out in section 6.2.1(ii) and 6.2.1(iii) above, respectively. Particulars of the remaining key personnel are as follows:-

Robert Lim Choon Sin, aged 48, is the Chief Technology Officer (“CTO”) of the Rexit Group. He has more than twenty (20) years of experience in the ICT industry. As the CTO, he is responsible for setting the technology direction to ensure that the Rexit Group’s products meet the customers’ current and future business requirements while benefiting from the latest technologies. Prior to joining the Rexit Group, he worked on international IT projects with Consortio Corporation, a Seattle-based company that provides B2B solutions. He also managed the product development office and delivery teams in Malaysia. Before joining Consortio Corporation, Robert Lim Choon Sin worked as a solution architect and consultant with Digital Equipment Corporation. He had also held various managerial and technical positions with several multinational corporations where his responsibilities were developing and implementing applications, strategic planning, and building and managing ICT infrastructure. He has also served in several working committees under various government programs such as the working group on automation and manufacturing systems for the Seventh Malaysian Plan and is a member of Expert Group on e-Commerce in preparation for the Asia-Pacific Economic Cooperation (APEC) Conference in 1998. Robert Lim Choon Sin holds an honours degree in Computer Science from the Brighton University, United Kingdom.

Chan Shih Fei, aged 43, is the Chief Financial Officer of the Rexit Group. Prior to joining the Rexit Group in year 2004, she was the Group Financial Controller of Proven Resources Sdn Bhd group of companies since 1996. She began her career with Deloitte and later joined KPMG, gaining a total of more than eight (8) years audit experience in these two (2) major accounting firms. She was also Group Financial Controller of the RSH (Malaysia) Sdn Bhd group of companies. She is a member of the Malaysian Institute of Certified Public Accountants. She obtained her Bachelor of Arts degree in Economics from the University of Malaya.

Tong Tin Heng, aged 36, is a Senior Manager – Technical in the Rexit Group. He holds a Certificate of Achievement in Strategic Information Systems and Accounting from the Heriot-Watt University, United Kingdom. He has 14 years of working experience in the insurance industry. He started his career with Power Computer Supplies Sdn Bhd as a programmer in 1989, during which he was instrumental in defining and re-developing additional insurance core modules. He subsequently joined Allianz General Insurance Malaysia Berhad (“AGI”) (formerly known as Malaysia British Assurance Berhad) as an Assistant Manager in 1996. He was appointed to head a team of in-house developers to further enhance and develop existing software while at AGI. With sound knowledge of technical and project management, he has contributed significantly to the Rexit Group’s growth since he founded Rexit Solutions in 1998.

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

Loo Hooi Teck, aged 35, is the Manager – Technical in the Rexit Group. He has more than 12 years of working experience in insurance software development activities. With a British Computer Society Examinations Part 1 at hand, he has started his career in Power Computer Supplies Sdn Bhd as a programmer in 1991 during which he was involved in customisation and system support. He subsequently joined AMP (M) Sdn Bhd, a company principally involved in the manufacturing of semi-conductors, as a Senior Executive in 1995. Since he founded Rexit Solutions in 1998, he has been involved in the enhancement of insurance software and systems integration.

(ii) Shareholding in Rexit

Save as disclosed below, none of the key personnel have any shareholdings (both direct and indirect) in Rexit:-

Key Personnel	Nationality	←-----After the Public Issue----->			
		←-----Shareholding----->			
		Direct	%	Indirect	%
Robert Lim Choon Sin	Malaysian	100,000 [^]	0.07	-	-
Chan Shih Fei	Malaysian	250,000 [^]	0.18	-	-
Tong Tin Heng	Malaysian	350,000 [^]	0.25	-	-
Loo Hooi Teck	Malaysian	350,000 [^]	0.25	-	-

[^] Assuming the key personnel subscribe for their respective entitlements to the pink form share allocation and that there is no exercise of ESOS Options.

(iii) Key personnel's directorships and substantial shareholdings in all other public companies for the past two (2) years

None of the key personnel holds or has held any directorships and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in any other public companies during the past two (2) years.

(iv) Key personnel's involvement in other business

Save as disclosed below, as at 21 September 2005, none of the key personnel are involved in other businesses and corporations not within the Group.

Key Personnel	Company	Principal activities	Designation	Shareholdings	
				Direct (%)	Indirect (%)
Robert Lim Choon Sin	Consortio Sdn Bhd	Dormant	Director	0.001	-
	Bali Automation Sdn Bhd	Dormant	Director	20.00	-

(v) None of the key personnel is or was involved in the following events: -

- (a) A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation in which he was a director or key personnel;

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

- (b) Conviction in a criminal proceedings or is a named subject of a pending criminal proceedings; or
- (c) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
- (vi) None of the key personnel has entered into any service agreements, which is not terminable by notice without payments or compensation other than statutory compensation, with the Group.

6.5 FAMILY RELATIONSHIPS AND/OR ASSOCIATIONS

There is no family relationship and/or association between the Promoters, Substantial Shareholders, Directors and key personnel.

6.6 CHANGES IN MAJOR SHAREHOLDERS AND THEIR RESPECTIVE SHAREHOLDINGS IN REXIT SINCE INCORPORATION

The changes in the shareholdings of the substantial shareholders since the date of incorporation are as follows: -

	(i) As at Incorporation				(ii) After (i) and the Share Split			
	← No. of Shares →				← No. of Shares →			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Loh Kim Liew	1	50.00	-	-	10	50.00	-	-
Chua Bee Khim	1	50.00	-	-	10	50.00	-	-
Rexit Venture	-	-	-	-	-	-	-	-
Chung Hon Cheong	-	-	-	-	-	-	-	-
Si Tho Yoke Meng	-	-	-	-	-	-	-	-
Festa Wira Sdn Bhd	-	-	-	-	-	-	-	-
Leong Chow Yin	-	-	-	-	-	-	-	-
Khoo Kwee Gim	-	-	-	-	-	-	-	-

	(iii) After (ii) and the Acquisition of Rexit Solutions				(iv) After (iii) and the Public Issue			
	← No. of Shares →				← No. of Shares →			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Loh Kim Liew	-	-	-	-	-	-	-	-
Chua Bee Khim	-	-	-	-	-	-	-	-
Rexit Venture	69,232,520	56.25	-	-	69,232,520	48.76	-	-
Chung Hon Cheong	3,846,250	3.13	69,232,520 ^(a)	56.25	4,596,250	3.24*	69,232,520 ^(a)	48.76
Si Tho Yoke Meng	-	-	69,232,520 ^(a)	56.25	750,000	0.53*	69,232,520 ^(a)	48.76
Festa Wira Sdn Bhd	23,077,500	18.75	-	-	23,077,500	16.25	-	-
Leong Chow Yin	-	-	23,077,500 ^(b)	18.75	-	-	23,077,500 ^(b)	16.25
Khoo Kwee Gim	-	-	23,077,500 ^(b)	18.75	-	-	23,077,500 ^(b)	16.25

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

	(v) After (iv) and the ESOS			
	← No. of Shares →			
	Direct	%	Indirect	%
Loh Kim Liew	-	-	-	-
Chua Bee Khim	-	-	-	-
Rexit Venture	69,232,520	44.32	-	-
Chung Hon Cheong	6,016,250	3.85 [^]	69,232,520 ^(a)	44.32
Si Tho Yoke Meng	2,170,000	1.39 [^]	69,232,520 ^(a)	44.32
Festa Wira Sdn Bhd	23,077,500	14.77 [^]	-	-
Leong Chow Yin	-	-	23,077,500 ^(b)	14.77
Khoo Kwee Gim	-	-	23,077,500 ^(b)	14.77

Note:

* Assuming the eligible substantial shareholders subscribe for their respective entitlements to the pink form shares allocation and no exercise of ESOS options

[^] Assuming the eligible substantial shareholders exercise their respective ESOS options

(a) Deemed interested through his direct interests in Rexit Venture by virtue of section 6A of the Act

(b) Deemed interested through her direct interests in Festa Wira Sdn Bhd by virtue of section 6A of the Act

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7 SUMMARY OF THE BUSINESS DEVELOPMENT PLAN

7.1 FUTURE PLANS AND STRATEGIES OF THE REXIT GROUP

The Rexit Group has identified the following main areas to focus on in its quest for expanding business and increasing market share over the next five (5) years:-

(i) Local Market Expansion

The Rexit Group's products and services currently address the general insurance industry and other related services. Its products and services are being used by the major players in the industry and the Group realises there is a promising potential market for its products and services which can be developed for the Group in order to remain ahead of competition.

In this respect, the Group will concentrate on the following core strategies to expand its business:

- a) Securing new business from existing customers by promoting its other products and especially the e-Cover portal services that are currently not used by these customers.
- b) Securing new customers by promoting the e-Cover portal services.
- c) Continuously conducting R&D to develop new products and enhancing/updating existing products in response to technological advancements and customers' requirements. To further broaden the services and applications offered by the e-Cover portal.
- d) To increase its profile and market presence towards building a strong corporate image and brand name as follows:
 - ↳ Listing on the MESDAQ Market which will increase its profile significantly
 - ↳ Increasing media coverage by deploying advertisements in selected types of media
 - ↳ Continuously updating its e-Cover portal to present additional new products and services. The Group intends to enhance its website by providing information in Bahasa Malaysia, Chinese and other languages to cater to its multi-lingual customer base and also link up with related industries to take advantage of cross market opportunities.

(ii) Overseas Market Penetration

The Rexit Group will continue to expand into the ASEAN region by first working with its existing clients that have operations overseas or intend to have operations abroad. The Rexit Group has commenced development of similar products via the e-Cover portal for the Thai market.

The Group will promote the products and services currently not used by these customers with a global presence.