



KUMPULAN KITACON BERHAD

(Registration No. 202201006838 (1452535-V))

KUMPULAN KITACON BERHAD

ANNUAL REPORT 2022

2022

ANNUAL REPORT



KUMPULAN KITACON BERHAD
(Registration No. 202201006838 (1452535-V))

24, Jalan Rengas, Taman Selatan
41200 Klang, Selangor

Tel : 03-3372 4162
E-mail : info@kitacon.com.my

www.kitacon.com.my



TABLE OF CONTENTS

CORPORATE OVERVIEW

- 2** Corporate Information
- 3** Corporate Structure
- 4** Profile of Board of Directors
- 12** Profile of Key Senior Management

MANAGEMENT OVERVIEW

- 16** Financial Highlights
- 17** Chairperson's Statement
- 21** Management Discussion
And Analysis

GOVERNANCE AND SUSTAINABILITY

- 24** Sustainability Statement
- 51** Corporate Governance Overview
Statement
- 62** Audit and Risk Management
Committee Report
- 65** Nomination Committee Report
- 66** Statement on Risk Management and
Internal Control
- 68** Additional Compliance Information
- 70** Statement of Directors' Responsibilities

FINANCIAL

- 71** Financial Statements

OTHER INFORMATION

- 123** List of Properties
- 124** Analysis of Shareholdings
- 126** Notice of First
Annual General Meeting
Form of Proxy

CORPORATE INFORMATION

Board of DIRECTORS

Datuk Dr. Siti Hamisah Binti Tapsir

Independent
Non-Executive Chairperson

Tan Ah Kee

Managing Director

Teow Choo Hing

Non-Independent
Non-Executive Director

Gam Boon Tin

Executive Director /
Chief Operating Officer

Goh Yin Huat

Executive Director /
Chief Financial Officer

Low Chin Ann @ Han Chin Ann

Independent
Non-Executive Director

Chang Sua Yean

Independent
Non-Executive Director

Nooriah Binti Hassan

Independent
Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Low Chin Ann @ Han Chin Ann
(Chairperson)
Chang Sua Yean
Nooriah Binti Hassan

NOMINATION COMMITTEE

Nooriah Binti Hassan (Chairperson)
Teow Choo Hing
Chang Sua Yean

REMUNERATION COMMITTEE

Chang Sua Yean (Chairperson)
Low Chin Ann @ Han Chin Ann
Teow Choo Hing

JOINT SECRETARIES

Ng Hao Ern
(MAICSA 7072518)
SSM PC NO.: 201908003771

Tai Yit Chan
(MAICSA 7009143)
SSM PC NO.: 202008001023

Chen Bee Ling
(MAICSA 7046517)
SSM PC NO.: 202008001623

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone No. : (03) 7890 4800
Facsimile No. : (03) 7890 4650

SHARE REGISTRAR

BOARDROOM SHARE
REGISTRARS SDN. BHD.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone No. : (03) 7890 4700
Facsimile No. : (03) 7890 4670

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Bhd
AmBank (M) Berhad
CIMB Bank Berhad
Standard Chartered Bank Malaysia
Berhad

EXTERNAL AUDITORS

CROWE MALAYSIA PLT
Suite 50-3, Setia Avenue
No. 2, Jalan Setia Prima S U13/S
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : (03) 3343 0730
Fax : (03) 3344 3036

HEAD OFFICE

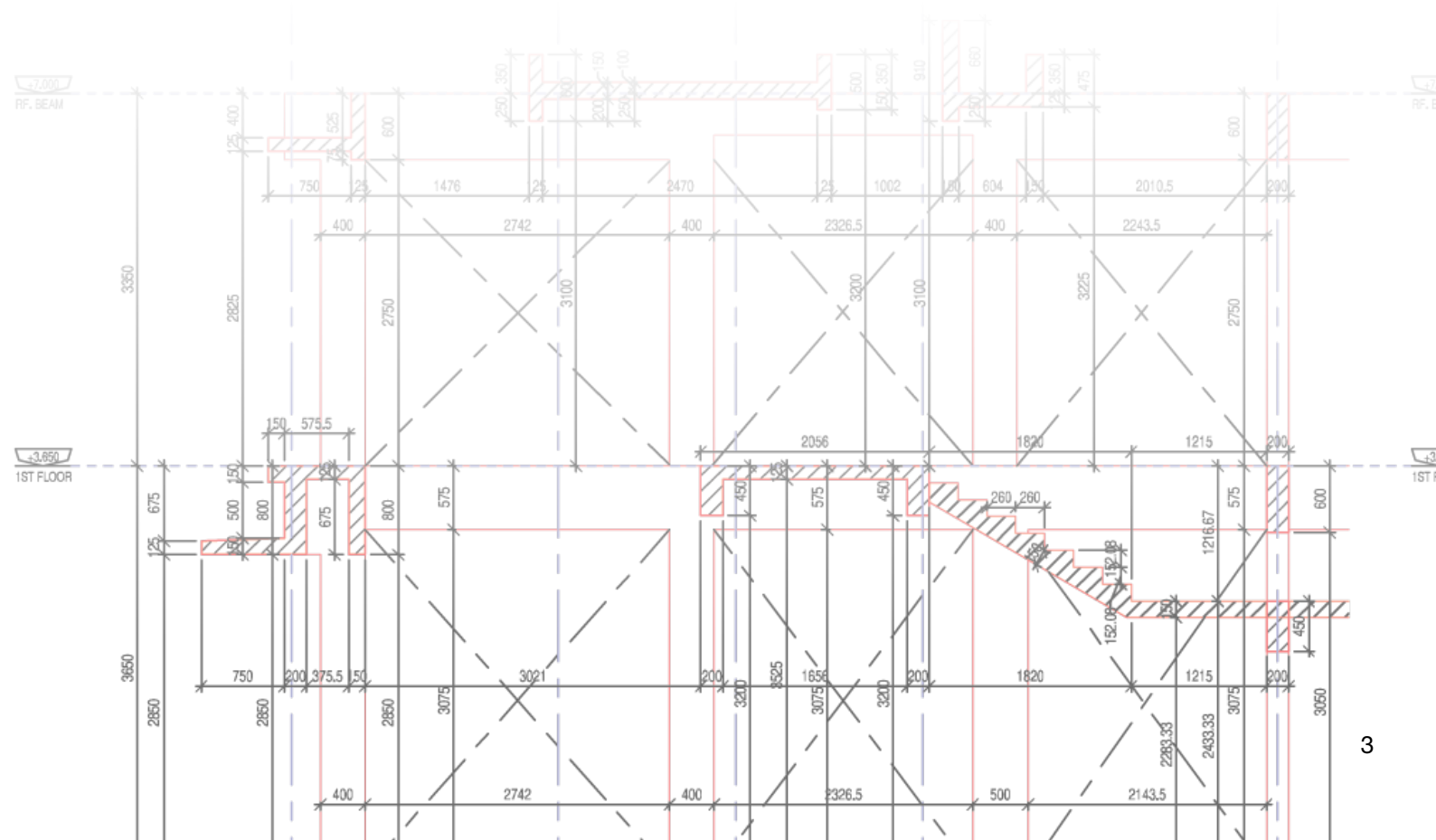
No. 24, Jalan Rengas
Taman Selatan
41200 Klang
Selangor Darul Ehsan, Malaysia
Tel : (03) 3372 4162
Fax : (03) 3372 4342

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name : KITACON
Stock Code : 5310
Listed on 17 January 2023

WEBSITE:

www.kitacon.com.my





PROFILE OF BOARD OF DIRECTORS



DATUK DR. SITI HAMISAH BINTI TAPSIR

Independent Non-Executive Chairperson

Nationality	Gender	Age
		62
Date of Appointment: 25 May 2022		
Length of Tenure as director: 10 months (as at 31 March 2023)		
Membership of Board Committee: None		

Datuk Dr. Siti Hamisah Binti Tapsir, a Malaysian aged 62, is our Independent Non-Executive Chairperson. She was appointed to our Board on 25 May 2022.

She graduated with a Diploma in Civil Engineering with Institut Teknologi MARA (now known as Universiti Teknologi MARA) in 1982, Bachelor of Science in Civil Engineering from New England College, USA in 1984 and a Master of Science in Civil Engineering from the University of Lowell (now known as University of Massachusetts Lowell), USA in 1987. She also obtained a Doctor of Philosophy in Civil Engineering from the University of Leeds, United Kingdom in 1994.

She is a registered professional engineer with the Board of Engineers, Malaysia since 2001, a Fellow member of the Institution of Engineers, Malaysia since 2007 and a Professional Technologist of the Malaysia Board of Technologists since 2017. She is also a President of the Malaysia Board of Technologists since 2021 and a member of the Institute of Corporate Directors Malaysia since September 2022. In November 2022, she was appointed as a member of the Board of Governors for UCSI Hospital Sdn Bhd.

She started her career with Universiti Teknologi Malaysia (“UTM”) as Lecturer in 1987. Between 1991 and 1994, she was granted leave to pursue her Doctor of Philosophy in Civil Engineering from the University of Leeds, United Kingdom. During her tenure with UTM, she held various positions which include, among others, Head of Laboratory, Associate Professor, Assistant Director, Programme Director, Dean, Deputy Vice-Chancellor and Vice Chancellor, and she was mainly responsible for lecturing, research, consultancy and management.

She left UTM as Campus Director of UTM International Campus in 2009 to join the Ministry of Higher Education as Deputy Director General in the same year. She was promoted to Director General of Higher Education in 2016, where she was responsible for overseeing the implementation of higher education policies at both public and private universities.

She left the Ministry of Higher Education and was appointed as Secretary General of the Ministry of Energy, Science, Technology, Environment and Climate Change (now known as the Ministry of Science, Technology and Innovation) in 2019, where she was responsible for developing and overseeing the rollout of national policy on energy, science, technology, innovation and climate change in Malaysia. Following the restructuring of the said ministry by the Government in March 2020, she continued to hold the position of Secretary General up until March 2021. During this period, she was appointed as Adjunct Professor of UTM in January 2020 until her departure in January 2021.

In March 2021, she was re-appointed as Secretary General of the Ministry of Science, Technology and Innovation on a 6-month contract basis, where she was developing and overseeing the national agenda of science, technology and innovation of all the ministries. In addition, she was assigned to lead the rollout of the COVID-19 Vaccination Plan under the COVID-19 Immunisation Task Force in Malaysia before her retirement in September 2021.

Upon retirement from her full-time civil service in September 2021, she was appointed as Group Chief Executive Officer of UCSI Group and Vice-Chancellor of UCSI University in October 2021, where she mainly oversees the strategic agenda of the education, technology, hotels and travel segments as well as monitoring the performance and fiduciary duties of the UCSI Group and its group of companies. From May to August 2022, she was the Chairman of the Healthcare Work Culture Improvement Task Force established by the Ministry of Health Malaysia to cover aspects of work culture as well as human resources management of healthcare personnel.

Profile of Board of Directors (Cont'd)



TAN AH KEE

Managing Director

Nationality



Gender



Age

62

Date of Appointment:

24 February 2022

Length of Tenure as director:

1 year 1 month (as at 31 March 2023)

Membership of Board Committee:

None

Mr. Tan Ah Kee, a Malaysian aged 62, is our Substantial Shareholder and Managing Director. He is our co-founder and was appointed to our Board on 24 February 2022.

He graduated with a Diploma in Technology (Building) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology) in 1984 and has been a member of the Chartered Institute of Building since 2005.

He started his career with Chi Liung Realty (M) Sdn Bhd, a construction company, in 1984 as a Technical Assistant, where he was involved in site monitoring as well as managing the tender process and housing projects. He left the company in 1988. However, between 1988 and 1990, he continued to work with Chi Liung Realty (M) Sdn Bhd on a part-time basis to assist the company in completing its remaining projects which were previously under his purview.

In October 1990, he co-founded Kitacon Sdn Bhd ("KSB") together with Teow Choo Hing, both of whom are directors and shareholders of KSB. Throughout the years, Tan Ah Kee is responsible for the day-to-day management and business operations and providing guidance and direction to our management team. Together with Teow Choo Hing, he is also responsible for the formulation of overall business expansion strategies and direction of our Group.

He has approximately 38 years of experience in the construction industry and has undertaken construction work for many township development projects including Eco Grandeur, Eco Majestic and Eco Forest under Eco World Development Group, City of Elmina under Sime Darby Property Group, Tropicana Aman under Tropicana Corporation Berhad, as well as Setia Eco Glades, Setia Safiro and Setia Eco Park under S P Setia Group.

As the Managing Director, he is responsible for the overall management and business operations of our Group as well as the strategic planning, formulation, and implementation of our Group's strategies.

Profile of Board of Directors (Cont'd)



TEOW CHOO HING

Non-Independent Non-Executive Director

Nationality



Gender



Age

63

Date of Appointment:

12 May 2022

Length of Tenure as director:

10 months (as at 31 March 2023)

Membership of Board Committee:

Nomination and Remuneration Committees

Mr. Teow Choo Hing, a Malaysian aged 63, is our Substantial Shareholder and Non-Independent Non-Executive Director. He was appointed to our Board on 12 May 2022. He is also a member of our Nomination and Remuneration Committees.

He obtained a Bachelor of Science in Civil Engineering and a Master of Science in Civil Engineering from the University of Oklahoma, USA in 1984 and 1985, respectively. While he was in the USA, he worked as Project Engineer in LaForge & Budd Construction Company Inc, USA, and was involved in an interstate highway project in Oklahoma. He is also a Fellow member of the Institute of Corporate Directors Malaysia since September 2022.

In 1990, he was appointed as Director and became shareholder of Kindah Construction Sdn Bhd, where he dedicated most of his time in the construction industry. Subsequently in 1991, he was also appointed as Director of Storewell (M) Sdn Bhd, a company principally involved in bonded warehousing.

In 1996, he was appointed as Director of Century Logistics Sdn Bhd, a company principally involved in freight forwarding, warehousing and container haulage, where he was responsible for charting the direction and development of the company. In 1997, he was appointed as Managing Director of CJ Century Logistics Holdings Berhad ("CJ Century"), a logistics company listed on the Main Market of Bursa Securities. In 2020, he was re-designated as Chief Executive Officer of CJ Century and continues to be responsible for the overall management and business operations of the company including strategic planning, formulation and implementation of strategies, overseeing the financial performance and the investment and ventures development of the company.

In October 1990, Teow Choo Hing co-founded KSB together with Tan Ah Kee, both of whom are directors and shareholders of KSB, to venture into the construction business. Since the inception of KSB, Teow Choo Hing has left the day-to-day management of the company to Tan Ah Kee. However, in fulfilling his oversight responsibility, he participates in board matters in a non-executive role such as the formulation of overall business expansion strategies and direction of our Group together with Tan Ah Kee. Apart from attending meetings of the board of directors, he is not involved in the day-to-day operations of KSB.



Profile of Board of Directors (Cont'd)



GAM BOON TIN

Executive Director /
Chief Operating Officer ("COO")

Nationality



Gender



Age

51

Date of Appointment:

25 May 2022

Length of Tenure as director:

10 months (as at 31 March 2023)

Membership of Board Committee:

None

Mr. Gam Boon Tin, a Malaysian aged 51, is our Executive Director/COO. He was appointed to our Board on 25 May 2022.

He graduated with a Diploma in Technology (Building) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology) in 1995.

He started his career with KSB as Assistant Quantity Surveyor in 1995, where he was involved in general quantity surveyor work, such as providing estimation on quantities, costs and time scales for materials and labour, and drawing up budget reports. He was promoted to Contract Executive in 1997 and was subsequently promoted to Contract Manager in 1997, where he was entrusted to monitor and control overall project cost, operational activities of our construction projects and oversee the tender process as well as contract management.

He was promoted to Senior Manager (Tender, Budget and Cost Control Department) in 2002, GM (Contract and Implementation) in 2005, Senior GM in 2016 and COO in 2022. Throughout his career with KSB, he was responsible for the overall project management and daily operations, including overseeing the tender process, contract management and implementation of projects, as well as administration and procurement. As COO, he also oversees the entire Contracts Department of our Group.

In his capacity as our Executive Director, Gam Boon Tin plays a vital role in assisting our Managing Director in ensuring that the strategic planning, formulation and strategies of our Group are successfully and viably implemented.

Profile of Board of Directors (Cont'd)



GOH YIN HUAT

Executive Director /
Chief Financial Officer ("CFO")

Nationality



Gender



Age

42

Date of Appointment:

25 May 2022

Length of Tenure as director:

10 months (as at 31 March 2023)

Membership of Board Committee:

None

Mr. Goh Yin Huat, a Malaysian aged 42, is our Executive Director/ CFO. He was appointed to our Board on 25 May 2022.

He graduated with a degree in Bachelor of Arts in Accounting from the University of Hertfordshire, United Kingdom in 2002. He has been a member of the Malaysian Institute of Accountants since 2008 and a Fellow member of the ACCA since 2012.

He started his career with Thiang & Co, an audit firm, as Audit Assistant in 2002, where he was involved in the audit of various private limited companies, mainly responsible for audit planning, resolving audit issues and review of statutory accounts. He subsequently left the firm as Audit Senior in 2005.

He joined Crowe Horwath (now known as Crowe Malaysia PLT) in 2005 as Audit Senior and was promoted to Audit Manager in 2010. During his tenure with the firm, he was responsible for managing the audit of both public and private limited companies and conducting financial due diligence in relation to business acquisition.

He left the audit firm to join Gabungan AQRS Berhad, a construction and property development company listed on the Main Market of Bursa Securities, as Finance Manager in 2012. He was subsequently promoted to Senior Finance Manager in 2015 and Deputy Group Financial Controller in 2018. During his tenure with the company, he was responsible for accounting and financial matters including, among others, planning of the yearly audit, preparing quarterly reports, annual cash flow budget and profit forecast, updating risk register and risk presentation at board meetings and compilation of the annual report. He also oversees tax matter and funding needs.

In 2019, he left Gabungan AQRS Berhad and joined KSB as CFO. He heads the Accounts and Finance Department where he is responsible for overseeing all aspects of accounting functions of KSB, including financial reporting, budgeting, taxation and cash flow management.

In his capacity as our Executive Director, Goh Yin Huat plays a vital role in assisting our Managing Director in ensuring that the strategic planning, formulation and strategies of our Group are successfully and viably implemented.

Profile of Board of Directors (Cont'd)



**LOW CHIN ANN @
HAN CHIN ANN**

Independent Non-Executive Director

Nationality



Gender



Age

42

Date of Appointment:

25 May 2022

Length of Tenure as director:

10 months (as at 31 March 2023)

Membership of Board Committee:

Chairperson of Audit and Risk Management Committee and a member of Remuneration Committee

Mr. Low Chin Ann @ Han Chin Ann, a Malaysian aged 42, is our Independent Non-Executive Director. He was appointed to our Board on 25 May 2022. He is also the Chairperson of our Audit and Risk Management Committee and a member of our Remuneration Committee.

He graduated with a Diploma in Computer Science from Institute Latihan FTMS-ICL (now known as FTMS College) and completed the Certified Accounting Technician programme in 1999. He has been a member and Fellow member of the ACCA since 2005 and 2010 respectively, and a member of the Malaysian Institute of Accountants since 2021. He is also a member of the Institute of Corporate Directors Malaysia since September 2022.

He started his career with RKT Tax Consultants Sdn Bhd, a tax consultancy firm, as Tax Executive in 2001. He left the firm in 2001 and joined KLC Centre for Higher Studies in 2002 as Lecturer prior to him leaving the institute in 2002. Between 2003 and 2006, he joined Kasturi College International (now known as Malvern International Academy) as Course Director for the Certified Accounting Technician programme where he was responsible for conducting lectures and managing the said programme. He left the college in 2006 and joined both FTMS Consultants (M) Sdn Bhd and FTMS Global (Singapore) Ltd as Lecturer in 2007. He left the companies in 2007.

Since 2007, Mr. Low has been the Director of Accentury Development Sdn Bhd, providing accountancy related training and conducting courses for ACCA programme for working adults. He has also been the Course Advisor for the ACCA programme at Methodist College Kuala Lumpur since 2017.

Mr. Low sat on the Board of Analabs Resources Berhad, a company listed on the Main Market of Bursa Securities, as Independent Non-Executive Director, a position he had held since 2012, prior to his redesignation as Senior Independent Non-Executive Director in 2015 and his retirement in October 2022.

Profile of Board of Directors (Cont'd)



CHANG SUA YEAN

Independent Non-Executive Director

Nationality



Gender



Age

38

Date of Appointment:

25 May 2022

Length of Tenure as director:

10 months (as at 31 March 2023)

Membership of Board Committee:

Chairperson of Remuneration Committee and a member of Nomination and Audit and Risk Management Committees.

Ms. Chang Sua Yean, a Malaysian aged 38, is our Independent Non-Executive Director. She was appointed to our Board on 25 May 2022. She is also the Chairperson of our Remuneration Committee and a member of our Nomination and Audit and Risk Management Committees.

She graduated with a Bachelor of Laws degree from the University of Malaya in 2008 and was admitted to the High Court of Malaya as Advocate and Solicitor in 2009. She is also a member of the Institute of Corporate Directors Malaysia since September 2022.

She began her legal career in 2009 as Legal Assistant with Abraham Ooi & Partners, where her main area of practice was conveyancing. She left the firm in 2012 and joined Armiy Rais as Legal Assistant before she rejoined Abraham Ooi & Partners in the same year. She left the firm in 2013 to join Amir Faezal Norzela & Chong as Legal Assistant and was subsequently promoted to Partner in 2014 to head the Real Estate and Property Practice Group. She has gained extensive experience in real estate matters including property acquisition and divestment, development projects, commercial leasing, property financing, commercial and retail banking.

She left the law firm and joined Chuah & Yong as Partner in 2015, where her main area of practice was conveyancing and banking. Apart from her vast experience in real estate matters, she has also been advising and representing banks on legal documentation in banking transactions including refinancing and financing purchase of property.

Profile of Board of Directors (Cont'd)



NOORIAH BINTI HASSAN

Independent Non-Executive Director

Nationality



Gender



Age

59

Date of Appointment:

25 May 2022

Length of Tenure as director:

10 months (as at 31 March 2023)

Membership of Board Committee:

Chairperson of Nomination Committee and a member of Audit and Risk Management Committee.

Puan Nooriah Binti Hassan, a Malaysian aged 59, is our Independent Non-Executive Director. She was appointed to our Board on 25 May 2022. She is also the Chairperson of our Nomination Committee and a member of our Audit and Risk Management Committee.

She graduated with a Bachelor of Architecture from The University of New South Wales, Australia in 1989. She has been a member of the Malaysian Institute of Architects and has been registered with the Board of Architects Malaysia since 2012. She is also a certified Project Management Professional with the Project Management Institute, USA since 2017 and a member of the Institute of Corporate Directors Malaysia since September 2022.

She started her career with Arkitek Kawasan Sekutu as Design Architect in 1989, where she was responsible for designing and assisted in various commercial and housing development projects. She left the firm and joined Arkitek Sama in 1991 as Project Architect until her departure in 1995. In 1995, she joined Arkitek N. Kang as Project Architect, where she was responsible for project management. She left the firm in 2007 and took a break thereafter.

In 2009, she joined Palm Grove Development Sdn Bhd as Project Architect / Master Planner, where she was the key personnel for the overall development of Bandar Nusaputra. She left the firm in 2012 and joined UEM Group Berhad group of companies as Senior Manager, Development, where she was in charge of the projects in the southern region of Malaysia. Subsequently, she was responsible for the management and development of the Serene Heights, Bangi township. She held the position of Project Team Leader prior to her retirement in 2021.

In 2014, she set up and registered Noori Hassan Architect with the Board of Architects Malaysia to provide architectural consultancy services.

PROFILE OF KEY SENIOR MANAGEMENT

GAM BOON TIN

Executive Director / Chief
Operating Officer ("COO")

Age : 51 years old
Nationality : Malaysian
Gender : Male

Please refer to his profile on page 7 of the Profile of Board of Directors.

GOH YIN HUAT

Executive Director / Chief
Financial Officer ("CFO")

Age : 42 years old
Nationality : Malaysian
Gender : Male

Please refer to his profile on page 8 of the Profile of Board of Directors.

CHOOI KUEN WAH

General Manager ("GM")

Age : 52 years old
Nationality : Malaysian
Gender : Male

Mr. Chooi Kuen Wah, a Malaysian aged 52, is our GM (Operation 1). He is responsible for our Group's project management in terms of construction progress, quality, safety and environmental management, and contract administrative works.

Mr Chooi graduated with a Certificate in Technology (Architecture) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology) in 1991 and he started his career with Low Yat Construction Co. Sdn Bhd as Trainee Draughtsman in the same year, where he was involved in the preparation of drawings.

He left the company in 1991 to join Comtrac Sdn Bhd as Assistant Quantity Surveyor in the same year and was involved in contract administration. In 1994, he was promoted to Quantity Surveyor, where his main responsibilities involved subcontractor management and preparing claims and bills to the clients and subcontractors.

In 1995, he joined KSB as Contract Executive and was involved in contract administration. He was subsequently promoted to Assistant Project Manager in the same year, where he was primarily involved in project tracking and monitoring and overseeing construction projects at the sites, ensuring that the work carried out was in accordance with the drawings. In 1997, he was promoted to Project Manager.

Thereafter in 2002, he was promoted to Senior Manager (Project Implementation Department) and was responsible for expanding the Project Department, providing training to the team members, and liaising with clients, consultants and authorities. He was promoted to GM (Operation 1) in 2016 to lead the Projects and Construction Department.



Profile of Key Senior Management (Cont'd)

KWO HWA SUNG

General Manager ("GM")
(Operation 2)

Age : 50 years old
Nationality : Malaysian
Gender : Male

Mr. Kwo Hwa Sung, a Malaysian aged 50, is our GM (Operation 2). He is responsible for our Group's overall project management which includes overseeing project managers and project monitoring.

Mr Kwo graduated with a Diploma in Technology (Building) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology) in 1997. He obtained a Master of Science in Construction of Management from the University of Bath, United Kingdom, in 1999.

He began his career with KSB in 1999 as Project Executive where he was involved in project tracking and monitoring as well as preparation of progress reports for projects. He was promoted to Project Manager in 2004 and Senior Project Manager in 2009, where he was responsible for project planning and monitoring which included managing the projects, planning of manpower and schedule, site management, costing and monitoring the progress of projects.

In 2016, he was promoted to GM (Operation 2) to lead the Projects and Construction Department.

TAN YOKE HUAY

General Manager ("GM")
(Purchasing and Human Resource)

Age : 64 years old
Nationality : Malaysian
Gender : Female

Ms Tan Yoke Huay, a Malaysian aged 64, is our GM (Purchasing and Human Resource). She is responsible for the overall purchasing and procurement, human resource and administrative matters of our Group.

She attended her secondary education at Sekolah Menengah Kebangsaan (Perempuan) Bukit Kuda in Klang, Selangor. She began her career with Lim Eng Chuan OPEL Company in 1977 as Admin Clerk where she was involved in general administrative works. She left the company to join Federal Auto Cars Sdn Bhd in 1984 as Admin and Accounts Clerk, where she was involved in general administrative and accounting works. She left the company and joined KSB in 1994 as Administration Executive, where she was responsible for general administrative works such as preparation of documents for purchasing and payroll administration.

In 2002, she was promoted to Purchasing and Administration Manager, where her main responsibilities included overseeing the Purchasing and Procurement Department and the Human Resource Department, the overall purchasing and procurement matters, human resource matters and administrative matters such as liaising with suppliers to obtain quotes, sourcing for materials and handling suppliers' accounts with KSB and reviewing of purchase orders. In 2022, she was redesignated to assume her present role.

Profile of Key Senior Management (Cont'd)

NG TEOK KIEAN

Senior Account Manager

Age : 58 years old
Nationality : Malaysian
Gender : Female

Ms Ng Teok Kiean, a Malaysian aged 58, is our Senior Account Manager. She is responsible for the overall finance and accounting matters which includes overseeing the Accounts and Finance Department.

She obtained her Unified Examination Certificate from Sekolah Menengah Hin Hua in Klang, Selangor in 1982. Upon her graduation, she assisted in her family-owned business which is involved in palm trees and orchards. She began her career with Eetak Brick Factory Sdn Bhd, a brick manufacturer, as General Accountant in 1984, where she was responsible for the preparation of the company's accounts. She left the company in 1990.

She joined KSB as Accounts Clerk in 1991, where she was responsible for the preparation of the company's accounts. She was promoted to Accounts Executive in 1993 and Accounts Manager in 2002, where she was responsible for the day-to-day operations of our Group's finance and accounting functions including timely preparation of financial statements, submission of tax filing and monitoring of credit control. She was promoted to Senior Account Manager in 2022.

LIW FEI JY

Senior Contract Manager
(Pre-Contract)

Age : 40 years old
Nationality : Malaysian
Gender : Female

Ms Liw Fei Jy, a Malaysian aged 40, is our Senior Contract Manager (Pre-Contract). She is responsible for leading the pre-contract team in preparing tender bids for submission.

Ms Liw graduated with a Diploma in Technology (Quantity Surveying) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology) in 2003. She began her career with L'Grande Development Sdn Bhd, a construction and civil engineering company, in 2003 as Junior Contract Executive, where she assisted her superior on quantity surveying works. She left the firm in 2004 and joined Dayatera Engineering Sdn Bhd, a subcontractor of roof trusses, in 2005 as Estimator, where she was responsible for preparing estimation of quantity for production purposes, providing quotation to clients and handling progress claim. She left the company in the same year.

In 2005, she joined KSB as Contract Executive, where she was responsible for post-contract works and quantity surveying works. In 2011, she left KSB and joined Kimly Construction Pte Ltd, a construction company based in Singapore, as Contract Executive, where she worked for 3 years and was responsible for post-contract works and quantity surveying works.

Upon returning to Malaysia, she re-joined KSB in 2014 as Senior Contract Executive (Pre-Tender) and was subsequently promoted to Assistant Contract Manager in 2015, where she was responsible for analysing project requirement and specification of products and materials, obtaining quotations from subcontractors to prepare tender bids, submitting tender bids to developers, conducting interviews and meetings with clients, maintaining vendor database and submitting financial capabilities to clients.

She was promoted to Contract Manager in 2018 and to Senior Contract Manager (Pre-Contract) in 2022 with additional responsibility that includes planning and scheduling the efficient use of aluminium formwork.



Profile of Key Senior Management (Cont'd)

TAN WEI KHIM

Senior Contract Manager
(Post-Contract)

Age : 43 years old
Nationality : Malaysian
Gender : Male

Ms Tan Wei Khim, a Malaysian aged 43, is our Senior Contract Manager (Post-Contract). She is responsible for leading the post-contract team in handling the supply of materials.

She graduated with a Diploma in Technology (Building) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology) in 2000 and began her career in 2001 as Estimator in Kampat Engineering Sdn Bhd, a company involved in the fabrication and installation of roof truss, where she was involved in the measurement and costing of roof trusses for construction works.

She left Kampat Engineering Sdn Bhd and joined KSB in 2003 as Assistant Quantity Surveyor, where she was responsible for assisting in quantity surveyor routine works, preparing budget and quotation, handling subcontractor claims and taking measurements at project sites. In 2008, she was promoted to Contract Executive, where she was primarily involved in quantity surveying works which includes drawing measurements, submission of progress claims, preparing variation orders and final accounts, and preparing subcontractor claims.

In 2013, she was promoted to Assistant Contract Manager, where she was responsible for the negotiation of material prices, monitoring contract executives on the submission of progress claims, preparation of variation orders and the final accounts. She was subsequently promoted to Contract Manager in 2015 and to Senior Contract Manager (Post-Contract) in 2022 and assumes her present role and responsibilities.

FINANCIAL HIGHLIGHTS

	FYE 2022 RM'000	FYE 2021 ⁽¹⁾ RM'000	FYE 2020 ⁽¹⁾ RM'000	FYE 2019 ⁽¹⁾ RM'000
FINANCIAL RESULTS				
Revenue	487,761	455,502	489,645	581,523
Profit Before taxation	53,298	52,336	52,762	72,187
Profit After taxation	40,306	41,833	39,201	54,794
FINANCIAL POSITION				
Total Assets	408,868	451,214	498,382	462,491
Total Liabilities	194,161	266,813	236,313	218,124
Net Assets	214,707	184,401	262,069	244,367
FINANCIAL RATIOS				
Net Assets per share ⁽²⁾ (sen)	42.9	36.9	52.4	48.9
Basic Earnings per share ⁽³⁾ (sen)	8.1	8.4	7.8	11.0
Net Gearing ⁽⁴⁾ (Times)	Net Cash	Net Cash	Net Cash	Net Cash

Notes:

- (1) Kumpulan Kitacón Berhad (the "Company") was incorporated on 24 February 2022 and was listed on the Main Market of Bursa Malaysia Securities Berhad on 17 January 2023. The Company completed the acquisition of its wholly-owned subsidiary, Kitacón Sdn Bhd on 21 October 2022. The comparative figures for FYE2019 to FYE2021 shown above are presented as if the acquisition had occurred at the beginning of the earliest comparative period presented.
- (2) Net Assets per share is calculated based on Net Assets divided by the enlarged issued share capital of 500,000,000 ordinary shares upon listing on 17 January 2023.
- (3) Basic Earnings per share is calculated based on Profit After Tax divided by the enlarged issued share capital of 500,000,000 ordinary shares upon listing on 17 January 2023.
- (4) Total Borrowings minus Cash and Cash Equivalents, divided by Shareholders' Equity.

CHAIRPERSON'S STATEMENT

Dear Respected Shareholders,

On behalf of the Board of Directors, it is with great pleasure that we present to you the first annual report of Kumpulan Kitacon Berhad (“Kitacon” or “the Group”) for the financial year ended 31 December 2022 (FYE 2022), following our successful listing on the Main Market of Bursa Malaysia Securities Berhad on 17 January 2023.

Datuk Dr. Siti Hamisah Binti Tapsir

(Independent Non-Executive Chairperson)



Chairperson's Statement (Cont'd)

We are proud to have accomplished significant milestones in FYE 2022 and are grateful for your support and confidence in our business. Let us reflect on our commendable performance in FYE 2022 while simultaneously looking forward to the future.

OVERVIEW OF FINANCIAL PERFORMANCE

The past couple of years have presented significant challenges as the global focus shifted from managing the COVID-19 pandemic to grappling with various economic and social issues compounded by the Russia-Ukraine war. The entire construction industry, including Kitacon, has had to confront the lingering effects of these crises.

In response, we have re-evaluated our business priorities and strengthened our capabilities, explicitly focusing on bolstering our Group's financial position and identifying growth opportunities.

Despite the challenging economic environment, Kitacon achieved a solid financial performance in FYE 2022. Our revenue for the year was RM487.8 million, representing a 7.1% increase compared to FYE 2021. Additionally, our profit before tax ("PBT") and profit after tax ("PAT") were at RM53.3 million (1.8% increase) and RM40.3 million (3.7% decrease), respectively, compared to audited FYE 2021 figures.

REVIEW OF OPERATIONAL RESULTS

As at 31 December 2022, we are proud to have 36 ongoing building construction projects, including projects from our long-term clients of over two decades, such as Sime Darby Property and S P Setia, with an impressive outstanding order book of RM821.0 million.

This robust pipeline of projects are expected to support our business operations through 2024. We continue to remain focused on expanding our order book and capitalising on our expertise in building construction by actively bidding for new projects.

As of March 2023, we have secured six new projects, consisting of five residential projects and one industrial project, with a total contract value of RM516.9 million. The residential projects amounted to RM289.1 million, while the industrial project amounted to RM227.8 million.

These projects have demonstrated our capabilities and expertise in the construction of township projects and further strengthens our reputation in the industry.



Chairperson's Statement (Cont'd)

RESPONSE TO SUPPLY CHAIN DISRUPTIONS AND LABOUR SHORTAGE

In FYE 2022, two significant obstacles encountered by the Group were supply chain disruptions and labour shortage stemming from the Russia-Ukraine conflict and the COVID-19 pandemic. Supply chain disruptions resulted in price fluctuations of building materials, and the labour shortage led to a slower construction progress, which in turn brought about reduced profit margins and increased costs.

However, we managed these challenges by placing orders for building materials at different stages of construction and engaged in negotiations with suppliers and subcontractors to reduce costs. The Group's expertise in township construction enabled it to continually bid for various phases or parcels within a township development.

Additionally, the Group minimized its operational risks by strengthening relationships with existing customers and seeking new contracts to expand its customer base. The Group remain committed in reducing risks and pursuing opportunities despite the challenges faced.

Our construction operations heavily rely on foreign workers directly employed by our subcontractors or us. Hence, in response to the labour shortage issue, we applied to the Ministry of Human Resources to recruit 500 foreign construction workers, which was approved in June 2022. To facilitate this, we have entered into a 1-year placement agreement with an Indonesian agency in August 2022 to hire foreign construction workers from Indonesia progressively.



FOSTERING SUSTAINABILITY

In line with our commitment to corporate sustainability, we have adopted sustainability practices that cover environmental, social, and governance (ESG) issues. We are committed to reducing our environmental impact and supporting our employees and local communities. We will ensure that our business practices align with the highest standards of ethics and governance.



Chairperson's Statement (Cont'd)



PROPOSED DIVIDEND

The Board of Directors remain committed to driving sustainable growth and value for our shareholders. Based on our performance in FYE 2022, we are confident in our ability to maintain a strong performance in FYE 2023. As part of this commitment, we aim to distribute 25% of our audited annual after-tax profits as dividends.

While we have decided not to recommend a final dividend for FYE 2022, we are actively exploring opportunities to invest in our business and pursue strategic initiatives that will create long-term value for our stakeholders. We appreciate your continued support and trust in our ability to deliver on our commitments.

OUTLOOK AND PROSPECTS

Looking ahead, we are excited about the growth prospects for the Group. Despite the uncertain macroeconomic and geopolitical environment, our business is well-positioned.

With our capabilities in the construction of township projects, we emphasise in engaging with past and existing clients, consultants, and potential customers to actively identify, pursue, and secure additional projects. We primarily operate in Selangor, leveraging on our extensive knowledge of the region to deliver high-quality projects. We aim to expand our operations but do so in a measured and strategic manner while focusing on and enhancing its existing areas of expertise.

To fulfil this objective, we plan to invest in construction equipment and facilities to improve our capabilities and achieve higher efficiency and cost-effectiveness, as well as offer innovative solutions to our clients:

- i) The Group has strategized to employ RM24 million from the proceeds of the Public Issue to procure construction machinery, including scaffoldings, aluminium formwork systems, and cabins. RM18 million of the RM24 million is allocated to procure 25,000 square metres of aluminium formwork systems.
- ii) Moreover, the Group has earmarked RM20 million from the Public Issue to acquire a land covering 3 acres and build a storage and refurbishment facility with a built-up area of 65,000 square feet, which will be gradually utilized over the course of FYE 2023 to 2025.

EXPRESSING GRATITUDE

Finally, the Group wants to express its deepest gratitude to its clients, shareholders, and business associates. We are incredibly grateful for the support and trust you have bestowed upon Kitacon.

We also want to express our heartfelt appreciation to our management team and dedicated employees who have demonstrated unwavering commitment, hard work, and diligence towards our mission.

We acknowledge the indispensable contributions of our fellow Board members for their invaluable guidance, insights, and steadfastness in fulfilling their responsibilities throughout the year. The Group looks forward to delivering value and growth for our stakeholders in the years to come.

Datuk Dr. Siti Hamisah Binti Tapsir
Independent Non-Executive Chairperson



MANAGEMENT DISCUSSION AND ANALYSIS



OPERATIONS OVERVIEW

Kumpulan Kitacon Berhad is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad on 17 January 2023. The Group primarily provides construction services, specializing in the construction of residential and non-residential buildings.

Residential buildings include various options such as terrace, semi-detached, detached, cluster, and townhouses, while non-residential buildings include commercial, industrial, purpose-built, and institutional buildings. The Group also provides other related services such as earthworks, roadworks, hoarding works, rectification works, piling works, and infrastructure works.

FINANCIAL REVIEW

The Group recorded a robust financial performance in FYE 2022. It remained committed to a cautious approach in managing the Group's financial position, despite the challenges posed by the pandemic and regional uncertainties.

In FYE 2022, the Group generated revenue of RM487.8 million, representing a 7.1% increase compared to the audited figures of RM455.5 million in FYE 2021. The increase in revenue for the financial year was mainly due to the higher construction activities from on-going projects as compared to the previous year.

During FYE 2022, the Group's gross profit increased by RM10.5 million or approximately 13.0% to RM91.3 million compared to FYE 2021, which was RM80.9 million. The rise in gross profit for the FYE 2022 was primarily due to increased revenue in the residential segment.

The Group's profit before tax ("PBT") in FYE 2022 increased by RM1 million, or 1.8%, compared to FYE 2021, reaching RM53.3 million (compared to RM52.3 million in FYE 2021). The increase can be attributed to a rise in gross profit and other income, which amounted to RM10.5 million and RM0.8 million, respectively.

Management Discussion and Analysis (Cont'd)

FINANCIAL REVIEW (CONT'D)

The Group's profit after tax ("PAT") decreased to RM40.3 million in FYE 2022. This represents a 3.7% decrease compared to the previous year's RM41.8 million.

The Group's adjusted PBT and PAT for FYE 2022 amounted to RM49.6 million and RM36.6 million respectively after excluding the non-recurring items such as listing expenses of RM3.2 million in conjunction with the IPO exercise and gain on disposal of investment properties of RM6.9 million.

Similarly, the Group's adjusted PBT and PAT for FYE 2021 amounted to RM48.1 million and RM37.6 million respectively after excluding the gain on disposal of investment properties of RM4.2 million.

Therefore, the Group's adjusted PBT and PAT for FYE 2022 increased 3.1% and decreased 2.7% year-on-year respectively in comparison to FYE 2021.

The Group's prudent approach enabled the Group to sustain its financial position with a low gearing ratio of less than 0.1 times and net cash position of RM75.7 million as at 31 December 2022.

Our focus on effective project execution and operational efficiency resulted in promising financial performance in FYE 2022. Top-quality township and residential projects have been a critical driver of our growth by meeting customer needs and capitalizing on strong demand. Our prudent financial management is reflected in our low gearing ratio and net cash position, demonstrating our commitment to maintaining a strong financial position.

RISKS AND UNCERTAINTIES

The Group faces several risks and uncertainties that could impact its future financial conditions and operations. These risks include the following:

A) Unforeseen Delays in Completing Projects

The Group's ability to complete projects on time may be impacted by factors beyond the Group's control, such as delays in obtaining regulatory approvals, poor performance by subcontractors, and difficulty in securing a consistent supply of foreign labour.

These delays could adversely affect the Group's revenue recognition, billing, and overall financial performance, resulting in cost overruns and liquidated damages imposed by the Group's customers. Furthermore, such delays could harm the Group's reputation and hinder the Group's ability to pursue future business opportunities.

B) Maintaining a Stable Order Book

The Group's financial performance is closely tied to its ability to secure new projects and maintain a consistent order book. If the Group fails to secure new projects on an ongoing basis or if the projects that the Group secures are not commercially viable, the Group's business growth and financial performance will be negatively impacted. Additionally, unexpected cancellations, delays, or postponements of projects could decrease the value of the Group's order book and harm the Group's prospects and financial performance.

C) Price Volatility of Construction Materials

The prices of construction materials, such as steel and concrete, are subject to fluctuations in commodity markets, which may result in increased costs that could negatively impact the Group's financial performance.

Such price volatility could affect the profitability of the Group's projects and put pressure on the Group's margins, which could further impede the Group's ability to generate sustainable revenue. Therefore, we must remain vigilant of these market trends and manage the Group's costs effectively to mitigate the potential adverse effects on the Group's financial performance.



Management Discussion and Analysis (Cont'd)

CAPITAL MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to shareholders and benefits to other stakeholders. In order to meet this objective, the Group always strive to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payments to shareholders or issue new shares, where necessary, to maintain an optimal capital structure.

The aforementioned capital management objective, policies and processes have remained unchanged during the financial year ended 31 December 2022.

PROSPECTS FOR GROWTH

The FYE 2022 has shone a ray of hope amidst the turbulence caused by the pandemic. With the global economy starting to recover, there is much-needed relief and substantial progress towards future-proofing businesses. At Kitacon, we aim to seize this momentum and enhance our capabilities and competitiveness to support the post-pandemic recovery.

We recognize the significance of sustainability and have incorporated ESG principles to strengthen our competitive edge, withstand challenges, and ensure long-term viability. Through a materiality assessment and a sustainability framework with clear objectives, we have implemented measures to shift towards low carbon, reduce wastage, and promote recycling.

As a testament to our commitment to our people, we have taken significant strides to create a harmonious and inclusive workplace. We have conducted comprehensive surveys to gauge employee engagement and implemented policies aimed at ensuring the safety and wellbeing of our workforce while safeguarding them against inappropriate behaviour.

In addition, we prioritize ethical practices and enforce a zero-tolerance policy towards bribery and corruption. Our focus on integrity and customer service has earned us a reputation as a trusted and responsible organization.

We recognize the importance of staying ahead of the curve by prioritizing expertise as our primary growth driver. With our expertise in building construction, particularly in township development, we have a crucial edge that provides relevant reference sites and experience to bid for future development phases. We have established long-term business relationships with our customers, highlighting a promising outlook for the future.

We prioritize enhancing our service offerings, project streamlining, and customer satisfaction, enabling us to take advantage of growth opportunities that lie ahead in the dynamic Malaysian construction market.

Looking forward to FYE 2023, we anticipate sustained recovery in the construction industry, buoyed by economic stimulus packages from the government. The Malaysian economy is expected to grow between 4% and 5% in 2023, while the construction industry is projected to grow by 4.7%.

To ensure continued success, we aim to enhance our capabilities and competitiveness by capitalizing on growth opportunities and remaining focused on sustainability and technology. Thanks to our proactive measures in future-proofing our operations, our business is well-positioned to make a valuable contribution to the post-pandemic recovery.

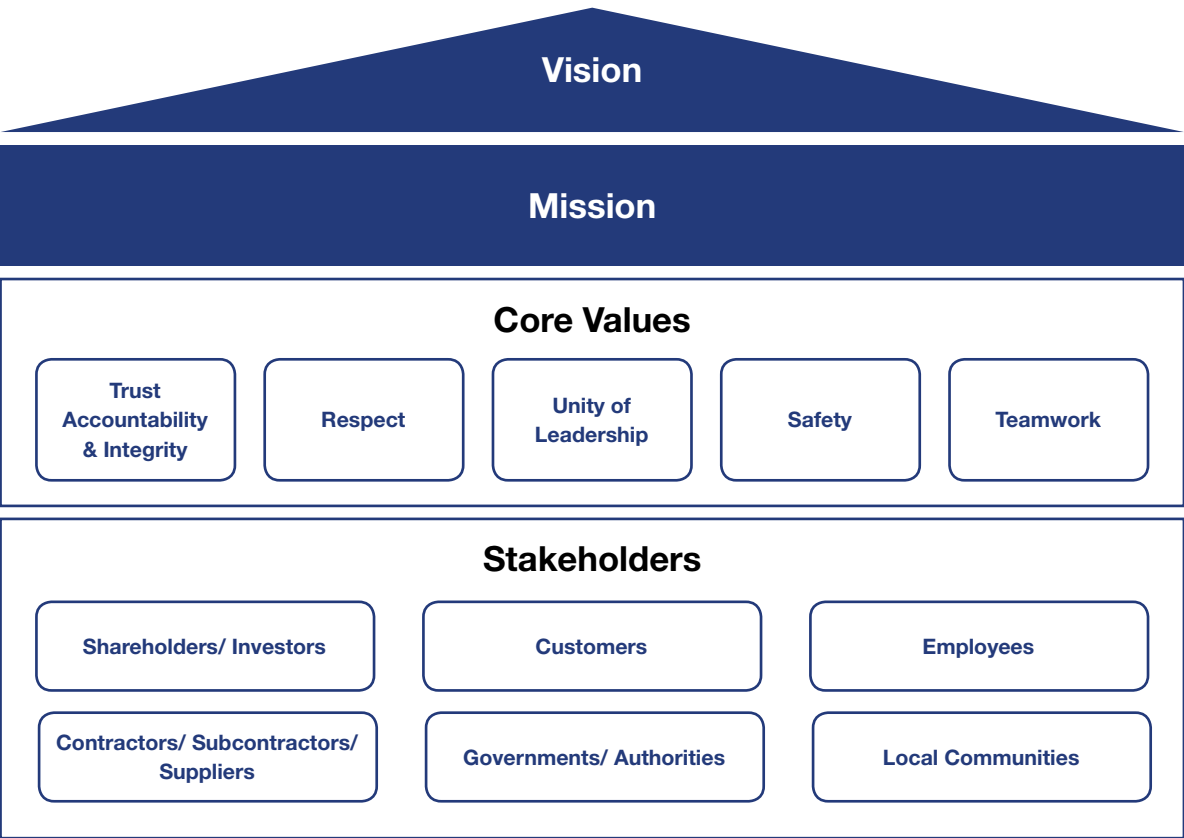
SUSTAINABILITY STATEMENT

1.0 INTRODUCTION

Kumpulan Kitacon Berhad (“Kitacon”) and its subsidiary (“the Group”, “Kitacon Group”, “us” and “we”) recognises the importance of sustainability and has various initiatives related to sustainability efforts particularly in our construction activities. This section explains our sustainability governance structure including roles and responsibilities, our stakeholders and material sustainability matters, and highlights our sustainability tasks and activities undertaken by Kitacon Group.

Aligning to our Group’s mission, we aspire to build long-lasting relationships with our stakeholders and expand our business in a responsible manner by providing value-added and more sustainable services and solutions. With the vision of promising high quality construction services, maintaining transparency to gain trust and confidence of our stakeholders, supporting innovation and creativity of our staff, protecting the environment and our natural resources and contributing to the growth of our community, Kitacon integrates its core values T.R.U.S.T (Trust, Accountability & Integrity, Respect, Unity of Leadership, Safety, Teamwork) into the day-to-day operations to achieve long-term sustainability for all stakeholders.

Our sustainability framework incorporates guidance from Bursa Malaysia and internationally recognised frameworks based on Global Reporting Initiative (“GRI”). We are implementing this framework in stages demonstrating our commitment towards making our business more sustainable.





Sustainability Statement (Cont'd)

1.1 Reporting Framework and Scope

This Sustainability Statement is prepared based on the following frameworks and guidelines:

- Bursa Malaysia Securities Berhad ("Bursa Malaysia") Sustainability Reporting Guide - serves as the foundation for the sustainability reporting framework of the Statement;
- Global Reporting Initiative ("GRI") - an independent, international organisation that helps businesses and other entities reporting on sustainability by providing common sustainability standards and framework. GRI standards are to advance the practice of sustainability reporting and enable organisations and their stakeholders to act and make better decisions that create economic, environmental and social benefits for everyone;
- Malaysia's Code on Corporate Governance ("MCCG") - The MCCG introduced in 2000 is a tool for corporate governance reform in Malaysia and it reflects globally accepted principles practices of corporate governance required by statute, regulations or those prescribed by Bursa Malaysia; and
- Task Force on Climate-related Financial Disclosures ("TCFD") - Task Force on Climate-related Financial Disclosures (TCFD) is an organization that was established in December 2015 with the goal of developing a set of voluntary climate-related financial risk disclosures. These disclosures are now required by Bursa Malaysia to be adopted by listed companies in Malaysia to inform stakeholders about the risks they face which are related to climate change.

This Statement includes Kumpulan Kitacon Berhad ("Kitacon") and its subsidiary and covers financial year 2022 ("FY2022") for the period from 1 January 2022 to 31 December 2022.

1.2 Feedback

We welcome feedback on our Report and any of the issues discussed herein from all stakeholders. Queries, comments, and suggestions regarding the content of this Report may be emailed to ir@kitacon.com.my.

1.3 Key Sustainability Performance Achievement

Kitacon recognises the importance of measuring our performance in the areas of governance, economy, environment and social in order to manage and improve our initiatives in sustainability. Our achievements on the key performance areas are summarised in the table below.

Theme	Material Matters	Key Performance Areas	FY2022 Achievements
Governance	Corporate Governance	Anti-bribery and corruption ("ABAC")	1. Nil (0) ABAC case 2. One (1) ABAC training for employees
		Whistleblowing	1. Nil (0) whistleblowing complaints
Economy	Procurement Practices	Local suppliers	Sourced from 100% local suppliers
Environment	Environmental Compliance	Compliance to environmental laws and regulations	1. Nil (0) environmental incidents 2. 100% compliance to Environmental, Safety and Health ("ESH") legal requirements / compliance obligations 3. Nil (0) complaint from authority, client or public
		ISO 14001 Environmental Management System	Maintained ISO 14001 certification
Social	Occupational Safety and Health ("OSH")	Compliance with OSH laws and regulations	100% compliance to OSH legal requirements / compliance obligations
		ISO 45001 Occupational Health & Safety Management System	Maintained ISO 45001 certification
		Create a safe and healthy workplace	1. Nil (0) case of incidents and accidents (physical and ill health cases) 2. Nil (0) high risk identified

Sustainability Statement (Cont'd)

1.4 Certification and Awards

Product & Service and Quality Management System ("QMS")

Kitacon aims to ensure that customers' business needs are met with best quality of construction products and services. We have been accredited with ISO 9001:2015 Quality Management System since 2007 to provide confidence to the customers on our product quality. We value the relationship we have with customers and ensure our organisation can consistently provide construction works that meet customer and applicable statutory and regulatory requirements.



QLASSIC Awards and Certificates

Quality Assessment System in Construction ("QLASSIC") is a system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (CIS 7:2006). Kitacon places significant emphasis on the quality of construction work and this commitment is demonstrated via the QLASSIC award and seven (7) QLASSIC certificates that were awarded by Construction Industry Development Board Malaysia ("CIDB") in FY2022.

We aim to score 80% and above for all QLASSIC assessments. In FY2022, we achieved the target for 3 out of the seven projects assessed and we are determined to continually improve the performance of upcoming projects. For the complete list of QLASSIC awards and certificates received, kindly refer to our company website, under the Awards & Certificates section.



Sustainability Statement (Cont'd)

1.4 Certification and Awards (Cont'd)

SHASSIC Awards and Certificates

Safety and Health Assessment System in Construction ("SHASSIC") is an independent method to assess the safety and health at the worksite in the construction projects. As a responsible contractor and employer, it is of our utmost priority to ensure the construction work is conducted in a safe and healthy manner. Our commitment to quality construction work and safe working environment is proven with the SHASSIC award and thirteen (13) SHASSIC certificates honoured to the Group in FY2022. We are proud to share that we obtained 5-star rating for eleven projects, and we will strive to achieve 5-star rating for every project in the future. For the complete list of SHASSIC awards and certificates received, kindly refer to our company website, under the Awards & Certificates section.

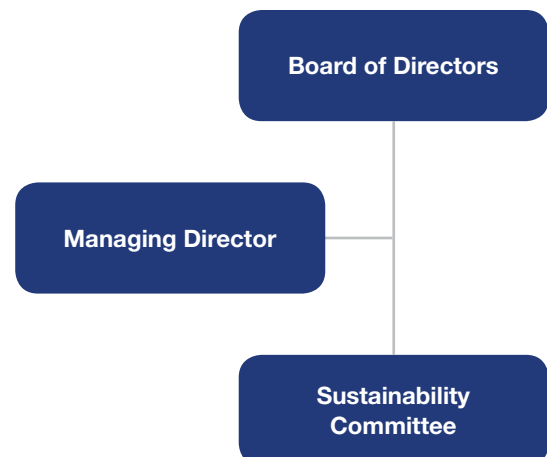


1.5 Sustainability Governance Structure

A good governance is essential to ensure the effectiveness of sustainability strategies and to achieve the sustainability objectives in a timely manner. The Board of Directors ("the Board") is primarily responsible for the Group's sustainability practices and performance and assisted by the management team.

The Managing Director supports the sustainability aspiration of the Group by integrating sustainability elements into decision-making process. The Sustainability Committee is chaired by Chief Financial Officer and its members consist of a Sustainability Coordinator and Heads of Departments across the Group.

This structure enables the Group to oversee its strategies, policies, initiatives, targets, and performance effectively to ensure that the Group's business is run in a sustainable manner. The key sustainability matters are monitored, reviewed and discussed in the Sustainability Committee.



Sustainability Statement (Cont'd)

1.6 Stakeholder Engagement

We believe in transparency, and we keep an open line of communication with our stakeholders throughout our business operations. Kitacon communicates with its stakeholders through a variety of channels. We identified our key stakeholders through material matters that have a significant impact on the Group's operations and a large number of stakeholders. Stakeholders were identified in accordance with the GRI's AA1000 Stakeholder Engagement Standard.

In engaging with our stakeholders, we take a variety of approaches to help them understand our business operations and seek their feedback and input on a variety of matters that are important to them as summarised in the table below:

Stakeholder	Stakeholder's Concern	Engagement Approach	Frequency
Shareholders / Investors	<ul style="list-style-type: none"> Short and long-term business goals and performance Return on Investment ("ROI") Corporate governance 	<ul style="list-style-type: none"> Annual general meetings and other shareholders' meetings Corporate websites Briefings 	<ul style="list-style-type: none"> Ad-hoc Ongoing Quarterly Annually
Customers	<ul style="list-style-type: none"> Reliable and quality construction work Timely delivery Health, safety and environment 	<ul style="list-style-type: none"> Feedback Progress report Project meeting 	<ul style="list-style-type: none"> On-going
Employees (both local staffs and foreign workers)	<ul style="list-style-type: none"> Career plan and development Employees' welfare Occupational safety and health for employees Rewards and recognition 	<ul style="list-style-type: none"> Annual appraisal and feedback from Heads of Departments Training programmes 	<ul style="list-style-type: none"> Ongoing Quarterly Annually
Contractors / Subcontractors / Suppliers	<ul style="list-style-type: none"> Payment schedule Project bidding Project completion date 	<ul style="list-style-type: none"> Code of Ethics Tenders Supplier performance assessment 	<ul style="list-style-type: none"> Ongoing Quarterly Annually
Governments / Authorities	<ul style="list-style-type: none"> Acts, regulatory and legal compliance Local authorities communication 	<ul style="list-style-type: none"> Compliance with acts and regulatory requirements Site inspections and visits Regular reporting 	<ul style="list-style-type: none"> Ongoing Annually
Local Communities	<ul style="list-style-type: none"> Community welfare and social development 	<ul style="list-style-type: none"> Charitable donations Collaboration for charity event 	<ul style="list-style-type: none"> Ad-hoc Ongoing Annually

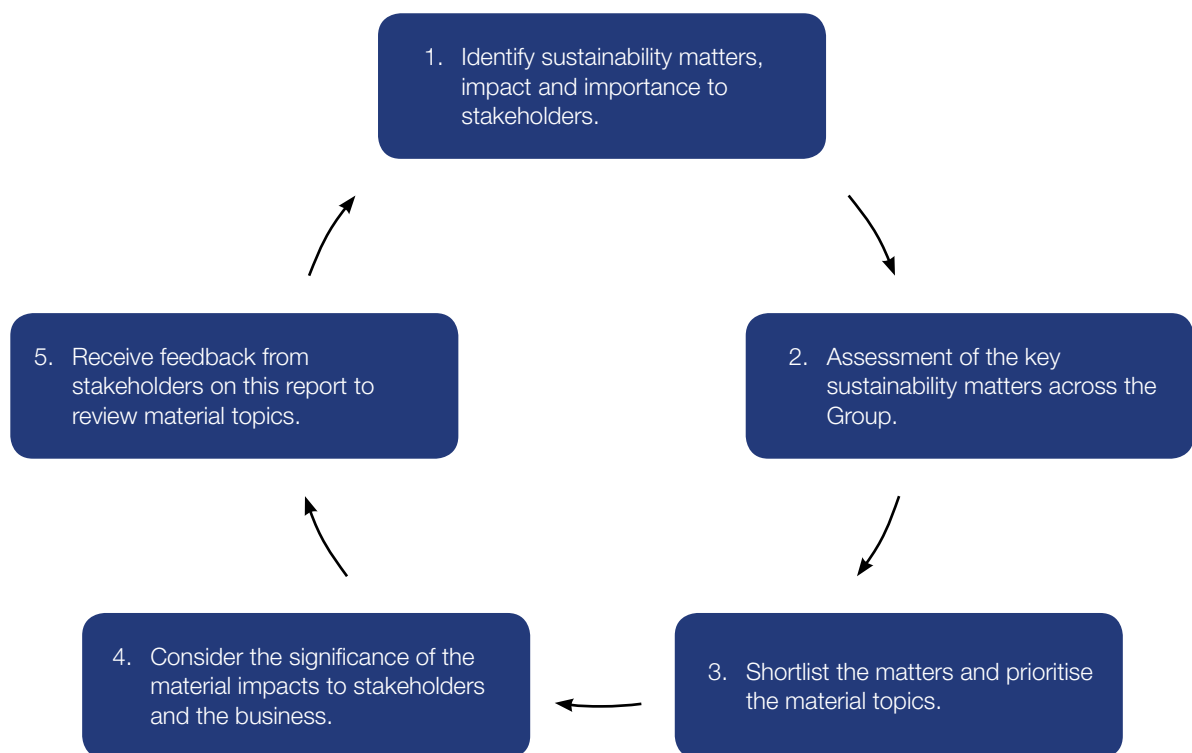


Sustainability Statement (Cont'd)

1.7 Materiality Assessment

Material sustainability matters were identified through series of workshops and discussions in FY2022. A selected group of Heads of Departments and key management personnel worked together with an independent consultant to identify, review and assess the applicability and relevance of key sustainability matters.

The materiality assessment process covers an assessment on the impact, to both Kitecon Group and stakeholders and prioritised based on its importance to both the Group and stakeholders as summarised below:



The workshops and discussions included evaluating material sustainability matters in terms of their impact to the Group's businesses and stakeholders, which both were rated from Low to High. Every material sustainability matter identified was rated.

Following the discussion, key sustainability matters were classified into four main themes: governance, economic, environmental, and social. Twelve (12) key sustainability matters were identified and evaluated based on their impact to our stakeholders and the Group.

The sustainability matters were then prioritised based on its significance to stakeholders and the Kitecon Group. This prioritisation was depicted in a materiality matrix or profile as summarised in the graph.

Sustainability Statement (Cont'd)

1.7 Materiality Assessment (Cont'd)



2.0 GOVERNANCE

To achieve long-term success and sustainable business growth, as well as to instill trust among shareholders and investors, we are committed to be transparent and conduct our business in an ethical and principled manner. Anti-bribery and anti-corruption, whistleblowing, risk management, quality, health, safety and environment policies and guidelines are among our corporate governance initiatives.

2.1 Corporate Governance

We are committed to achieve and uphold the highest standards of corporate governance and ethical conduct in accordance with the principles and practices of corporate governance as set out in the MCCG. We believe that a high standard of corporate governance is a fundamental part of our Group in discharging responsibilities to protect and enhance our shareholders' value and financial performance, with high corporate accountability, transparency and integrity.

Sustainability Statement (Cont'd)

2.1 Corporate Governance (Cont'd)

We established Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy, Proper Conduct and Discipline as well as Code of Conduct, which encompass our beliefs and behaviour that reflecting the character of our employees and the expected behaviour of third parties when dealing with us. These values are manifested through the attitude, code of conduct and principles of employees and third parties. These guidelines and codes are summarised as follows:

Anti-Bribery and Anti-Corruption Policy

We have established Anti-Bribery and Anti-Corruption ("ABAC") framework and principles approved and put into effect in June 2020, which provide guidance and the expected standard of behaviour from our staff and external parties which have business dealings with us. This exercise is expected to instil a strong anti-bribery and anti-corruption culture across Kitacon Group.



We have zero tolerance on any form of bribery or corruption. Kitacon promotes an organisational culture of integrity and emphasises the importance of a zero-tolerance approach to bribery and corruption in our actions and decisions, both internally and externally.

In FY2022, there were zero confirmed incidents of corruption.

111 employees across the Group attended the training on ABAC Policy in FY2022. Training on ABAC Policy will be conducted to all new employees during the induction training by the Human Resources Department.

Employee Categories	Number of Participants
Management	3
Executive	76
Non-executive	32

Whistle Blowing Policy

Employees and third parties who suspect wrongdoing or misconduct are encouraged to report it through the established reporting mechanism outlined in the Whistleblowing Policy & Guidelines, which is by writing and emailing whistleblowing@kitacon.com.my. During the financial year, no instances or complaints of suspected corrupt or unethical behaviour were reported to us.

Proper Conduct and Discipline

Employees are guided by the Proper Conduct and Discipline. There were zero misconduct cases reported in FY2022.

Code of Ethics

The Code of Ethics sets out an Kitacon's ethical guidelines and best practices to follow by all employees for honesty, integrity, and professionalism.



Sustainability Statement (Cont'd)

3.0 ECONOMY

Kitacon Group believes that the economic value we generated and distributed plays a significant role in sustaining the growth of our business, improving the nation's economic performance as well as enhancing quality of life of our employees and communities. It is our duty to control the cash flow, capital and operating cost well, protect shareholder wealth, reward our employees and invest in the community in order to build sustainable relationships with our external and internal stakeholders. Kitacon has good procurement practices in place to manage our supply chain in a sustainable manner.

3.1 Business Sustainability

Kitacon places emphasis on the balance of governance, economic, environmental and social performance to safeguard the long-term success of the business. Strong financial performance is critical to sustain our business in the long run and detailed briefing is described in the Management Discussion and Analysis section of this Annual Report, from pages 21 to 23.

3.2 Procurement Practices

Construction industry is a localised business ecosystem. As all our projects are based in Malaysia, our procurement activities involved local vendors only, from construction materials suppliers to professional consultant service providers. This is also as part of our contribution to local job creation and economy. In FY2022, we sourced and procured construction material, office supplies, subcontractors and other products and services from 716 local vendors.

Good procurement practices are important to Kitacon because not only they keep our business operations running smoothly; it also saves money, time and resources. Procurement activities need to be managed properly to ensure all products and services are correctly acquired so that projects and processes can run efficiently and successfully. The procurement practices in Kitacon are guided by a series of operating procedures, which include New Supplier Assessment Procedure; Appointment of Supplier Procedure; Supplier Performance Assessment Procedure; and Supplier Claims and Payment Procedure.

Appointment of the new and existing suppliers are guided by the New Supplier Assessment and Suppliers Performance Assessment Procedures respectively. They outline the procedures by which new and existing suppliers are appointed to supply materials and to ensure compliance to meet Quality, Environmental, Safety and Health ("QESH") requirements. All approved suppliers and subcontractors are subject to annual review. Suppliers who scored below expectation will be terminated officially upon approval from the Managing Director.

4.0 ENVIRONMENT

Kitacon recognises that our business activities could affect the environment and we are committed to conduct our business in ways that will minimise the impact caused by our operation on the environment. We believe in caring for the environment and we conduct extensive environmental monitoring to ensure that the sustainability of the environment is well preserved despite the nature of our activities at construction sites.

Climate change is perceived as the greatest threat the world has ever faced. Kitacon recognises the importance of mitigating and adapting to climate change because the effects of climate change will affect the survival of every business. We attach importance to improve the efficiency of our operations and reduce any environmental and climate change impacts on our business.

Sustainability Statement (Cont'd)

4.1 Environmental Compliance

As a responsible corporate citizen, it is our utmost duty to prevent environmental pollution from happening because of our business activities. Kitacon's environmental management system was accredited with ISO 14001:2015 Environmental Management System certification since 2008. This accreditation shows our commitment to deploy the knowledge and practices of an effective environmental management system which is integrated with other management system requirements in order to protect the environment. With this certification, it demonstrates our ability in managing our environmental responsibilities.



We monitor the air, noise and water quality of each project site in adherence to the Environmental Quality Act 1974 (Act 127) to minimise adverse impact of our construction works on the environment as well as neighbouring properties and occupants.

We constantly ensure that air humidity, temperature and water discharged from our construction sites are within the recommended air quality guidelines and complies with the Environmental Quality Regulations (Industrial Effluents) 2009. All discharged water samples were tested in a regulated external laboratory and the parameters were proved to be within the acceptance range. Besides that, we constantly monitor the operation and maintenance of machinery and equipment at our construction sites to ensure the noise level complies with the permitted noise level.

Kitacon's Total Quality Management ("TQM") Department has set objectives and targets in relation to Environmental Compliance (see table below). In FY2022, Kitacon achieved its targets and fully complied with the environmental laws and regulations. We work diligently to ensure that our business operations adhere to the environmental compliance standards.

No.	Objectives	Department	Target
1	To prevent environmental pollution.	All	Zero Environmental Incidents
2	To comply ESH legal requirements / compliance obligations.	All	100% Compliance
3	To avoid complaint from Authority, Client or Public.	All	Zero Complaint

Sustainability Statement (Cont'd)

4.2 Energy and Water

Energy and water are important resources to the construction industry. Contractors depend on energy resources such as diesel and electricity to power heavy machinery and equipment. They also use water for concrete batching, worker hydration and hygiene, dust suppression and pond filling, among others. Kitacon recognises energy and water resources are finite and we strive to manage these resources sustainably.

4.2.1 Energy

A key component of environmental sustainability and the protection of our natural environment and ecological systems is effective and efficient energy management. In respect to this, Kitacon sees energy as one of the key resources used in our business operations and we have to manage the energy consumption well to ensure the resource is available for the generation to come.

The table below shows the diesel and electricity consumption in FY2022.

Energy		FY2022
Diesel	Total consumption (Litre)	1,182,860
	Consumption intensity (Litre/Revenue in RM'000)	2.425
Electricity	Total consumption (kWh)	431,313
	Consumption intensity (kWh/Revenue in RM'000)	0.884

This FY2022 will form our baseline year and we will identify activities and efforts to reduce our electricity consumption in the coming years. Our target focuses on consumption intensity reduction as we anticipate that electricity consumption will increase in line with increased business operation.

As an effort to reduce energy consumption intensity and conserve natural resources, we continue to monitor and reduce the consumption of diesel and electricity.

Emissions

Kitacon started to track and monitor its Scope 1 and Scope 2 greenhouse gas ("GHG") emissions in FY2022 in accordance with the world's most widely used greenhouse gas accounting standards, GHG Protocol. We are committed to establish Kitacon's GHG emissions inventory in a systematic manner and eventually set emissions reduction targets, as an effort to support Malaysia's ambition to achieve net zero GHG emissions by 2050.

The table below shows our Scope 1 and Scope 2 carbon dioxide equivalent ("CO₂-eq") emissions of Kitacon in FY2022.

		CO ₂ -eq Emissions (Quantity in tonnes)
Financial Year		FY2022
Scope 1	Diesel	3,194
	Fleet Vehicle	584
	Sub Total	3,778
Scope 2	Purchased Electricity	277
	Sub Total	277
Total (Scope 1 & Scope 2)		4,055
Intensity (Tonnes/Revenue in RM'000)		0.0083



Sustainability Statement (Cont'd)

4.2 Energy and Water (Cont'd)

4.2.1 Energy (Cont'd)

Aluminium Formwork System

Kitacon offers aluminium formwork system as a construction material when tendering for a project depending on the parameters such as number of buildings to be constructed as well as the design of the buildings. Application of aluminium formwork is beneficial in terms of overall project efficiency and cost effectiveness, as well as better quality finishes, higher standards of accuracy and lesser environmental impacts.

Our goal is using renewable and recyclable materials when building new structures, as well as reducing energy consumption and waste. We have implemented construction work with sustainable materials such as aluminium alloy formwork since 2017. The aluminium panels are removable and can be reused with minimal maintenance, while those disposed can be recycled, thereby achieving sustainable construction. Typically, the aluminium formwork has a useful life of up to 10 years and can be used for approximately 300 cycles, subject to proper repair and maintenance after each use as compared to conventional timber formwork which can only be used for up to 5 cycles. This advantage indirectly reduces natural resources consumption and minimises waste. Furthermore, this formwork system can reduce site labour as it requires lesser manpower to assemble or dismantle.

Since the implementation of aluminium formwork system in 2017, we have reduced 60% to 70% (in terms of quantity) of mixed hardwood timber and waterproofed plywood. We will continuously explore and adopt construction techniques and systems to improve productivity and deliver projects within time, cost and quality standards as required by our customers, while also minimising the impacts to the environment.

The table below shows the number of projects secured from FY2019 to FY2022 using aluminium formwork and conventional timber formwork. There was progressive increase in the percentage of projects secured using aluminium formwork and we aim to utilise this formwork system in future construction projects, whichever is feasible.

	Aluminium formwork		Conventional timber formwork			
	No. of projects secured	%	No. of projects secured	%	No. of projects secured	%
FY2019	5	26.3	14	73.7	19	100.0
FY2020	6	42.9	8	57.1	14	100.0
FY2021	5	45.5	6	55.5	11	100.0
FY2022	9	60.0	6	40.0	15	100.0

As at 31 December 2022, we had a total of 30,374 sq. m of aluminium formwork systems. Our purchase of aluminium formwork system from FY2019 to FY2022 is set out below:

	Quantity (sq. m)
As at 1 January 2019	1,765
Aluminium formwork systems purchased during:	
FY2019	4,380
FY2020	5,231
FY2021	7,846
FY2022	11,152
Total	30,374

Sustainability Statement (Cont'd)

4.2 Energy and Water (Cont'd)

4.2.1 Energy (Cont'd)

We plan to utilise RM18.0 million to purchase an estimated 25,000 sq. m of aluminium formwork systems progressively over a period of 36 months, starting from January 2023, to support our expansion of the scale of construction work using aluminium formwork systems as well as to replace our existing formwork systems which are damaged due to wear and tear.

In conclusion, we will continue with the implementation of aluminium formwork system because it is fast, simple, adaptable, time effective, cost effective, conserve natural resources, reduce environmental impacts and produces total quality of work which requires minimum maintenance and high durability.

4.2.2 Water Management

Water is a shared and limited resource and access to sufficient clean water is essential for human to live healthily. Water scarcity has become a global issue and we at Kitacon are conscious of the impact of how we manage our water consumption. Water is consumed in the operations of Kitacon mainly for construction work and daily usage of employees. We constantly remind our employees to use water responsibly and reduce wastages. The Group is committed to monitor and manage our water consumption better through water saving initiatives in the future.

The table below shows the municipal water consumption in FY2022.

Water		FY2022
Municipal water	Total consumption (m ³)	137,598
	Intensity (m ³ /Revenue in RM'000)	0.282

4.3 Effluent and Waste

At Kitacon, we are working towards a holistic waste management approach. We are committed to reduce the waste generated at our construction sites by increasing the usage of aluminium formwork systems in our projects and reducing our reliance on conventional timber formwork. Besides minimising wastage from the timber debris at our construction sites, our usage of aluminium formwork systems has also benefited us in terms of reduction of site labour, quality improvement, cleaner environment and safer workplace.

We are committed to manage the waste produced from the office and construction sites in a regulated manner. We continuously monitor and track the type, amount and quality of waste and effluent generated to ensure compliance to applicable environmental laws and regulations. We believe every one of us has the responsibility to keep our environment safe from irreversible pollution.

3Rs of Sustainability

The 3Rs of sustainability which stands for Reduce, Reuse and Recycle is to prevent and reduce excess waste and conserve natural resources. Kitacon will pursue to explore new practices to protect and conserve natural resources and materials.

Sustainability Statement (Cont'd)

4.3 Effluent and Waste (Cont'd)

4.3.1 Scheduled Waste

Scheduled waste is described as any wastes that possess hazardous elements and have the potential to adversely affect the public health and environment. Scheduled waste generated from Kitecon's project site are separated according to waste type and collected by a regulated scheduled waste management facilities for treatment before disposal to prevent the hazardous waste from causing adverse effect to public health and the surrounding environment.

In FY2022, Kitecon conducted a series of Scheduled Waste Trainings for the construction workers as shown below to improve the workers' understanding on storage and handling of scheduled waste.

Waste Code	Waste Description (Quantity in tonnes)	FY2022
SW305	Spent lubricant	2.93
SW306	Spent hydraulic oil	0.90
SW307	Spent mineral oil-water emulsion	0.05
SW315	Tar or tarry residues from oil refinery or petrochemical plant.	0.20
SW404	Clinical wastes	0.11
SW408	Contaminated soil, debris or matter resulting from cleaning-up of a spill of chemical, mineral oil or scheduled wastes	6.51
Total scheduled waste generated		10.70



4.3.2 Non-scheduled Waste

Non-scheduled waste is described as all types of wastes that are not categorized as scheduled waste and other than municipal solid waste. Kitecon also monitors the proper disposal of non-scheduled waste such as construction waste, timber waste and domestic waste. We appointed six (6) licensed waste management facilities to collect and dispose wastes from our construction sites and the Headquarters ("HQ"). Besides that, we provide recycle bins at project sites and encourage employees to practice waste recycling to reduce waste ending up in landfills.



Sustainability Statement (Cont'd)

4.3 Effluent and Waste (Cont'd)

4.3.2 Non-scheduled Waste (Cont'd)

Waste Type (Quantity in m ³)	FY2022
Construction Waste	21,520
Timber Waste	1,016
Domestic Waste	9,548
Total non-scheduled waste generated	32,084

4.3.3 Effluent

Effluent is wastewater from factories or industries which can potentially contaminate the environment if it is not treated properly before releasing to the surface water. Kitacon appointed a licensed wastewater treatment facility to discharge and treat effluent produced at project sites. In FY2022, Kitacon recorded 349,700 litres of sewerage desludging. We are keeping close monitoring and check on the effluent generated at our construction sites to ensure that it will not cause harm to both public health and the environment.

4.3.4 Chemical Awareness and Spill

Chemical spillages are the uncontrolled release of a hazardous substance, either as a solid, liquid or a gas. In FY2022, Kitacon conducted regular Chemical Awareness and Spill Trainings for the construction workers. These trainings focused on the safety precaution, safe action to be taken and correct way to handle and control chemical spillage on sites.





Sustainability Statement (Cont'd)

5.0 SOCIAL

We believe in developing strong relationships with not just our employees, as well as our customers, suppliers, and local communities. Building a strong and enriching community is critical for Kitacon to achieve sustainable growth and provide long-term value creation for our stakeholders.

5.1 Employment

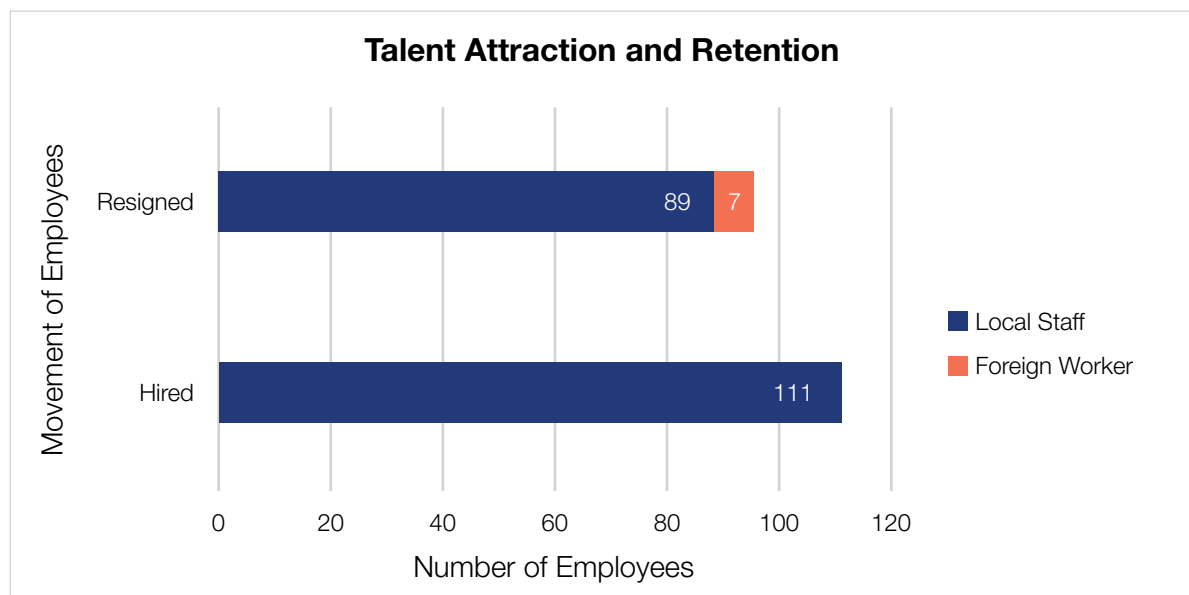
People – Our Employees

Our people are critical to ensuring our business stays relevant by delivering on our business strategy and goals. Developing and retaining a capable, highly motivated and performance-oriented workforce is key to our success. In reviewing our people, during the materiality review process, we identified the following areas of focus:

- Employee diversity and equal opportunities
- Employee compensation and benefits
- Employee engagement and wellness
- Human rights and labour standards

Talent Attraction and Retention

Kitacon is dedicated to attracting and retaining talented employees by providing exciting career opportunities, training and development, employee engagement activities as well as competitive compensation and remuneration packages. In FY2022, we hired 111 new local staffs and a total of 89 local staffs resigned whereas 7 foreign workers resigned. The turnover rate of local staff and foreign worker was 31.5% and 2.2% respectively.

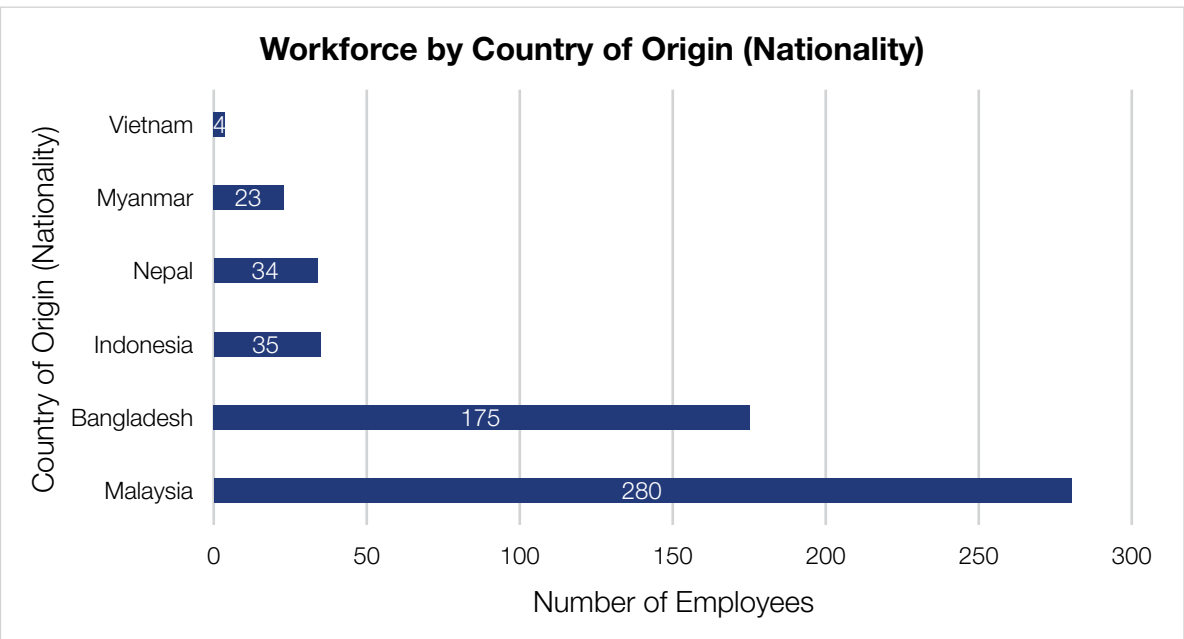


Sustainability Statement (Cont'd)

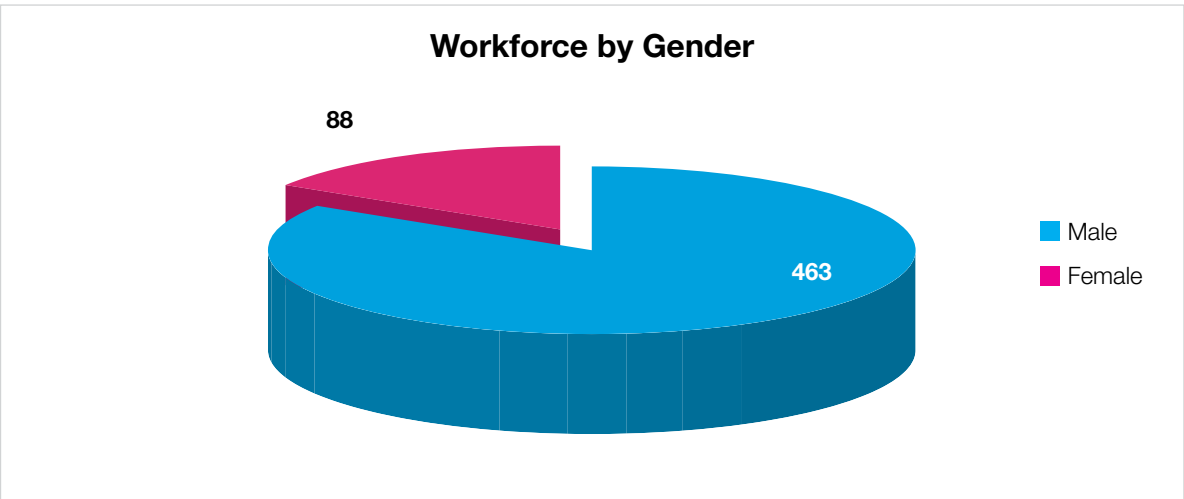
5.2 Diversity and Equal Opportunity

The Group values diversity in all aspects of its workforce, including gender, age, background, and experience. We are committed to promoting a fair and equitable working environment for all employees. We believe all employees can thrive in a workplace that is free from harassment and prejudice. Our recruitment, promotion, rewards processes and career development opportunities are based on merit, without discrimination against age, race, gender, sexual orientation, religion, family or marital status, or any other status protected by the laws or regulations in the locations where we operate.

Our workforce as of 31 December 2022 totalling 551 people comprising 280 local and 271 foreign employees.



Our female employees comprising 16% of the workforce. Being in the construction industry, it is still a challenge to recruit women in the construction sector particularly where it involves site construction. We do encourage female engineers, site supervisors and technicians, where possible, to join us in managing our construction project sites.

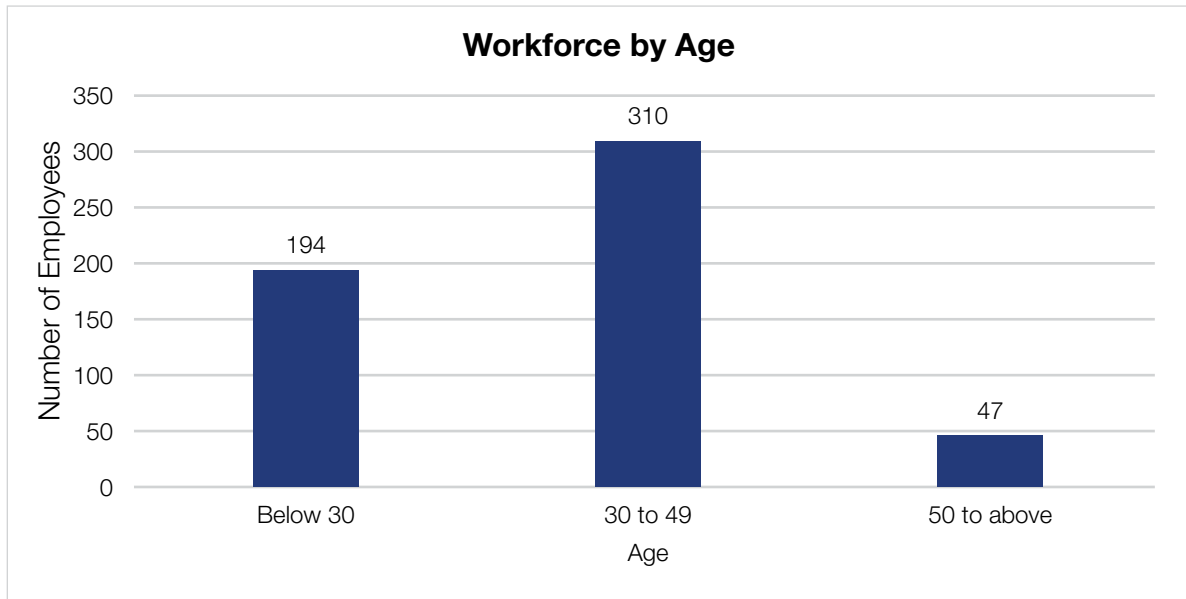




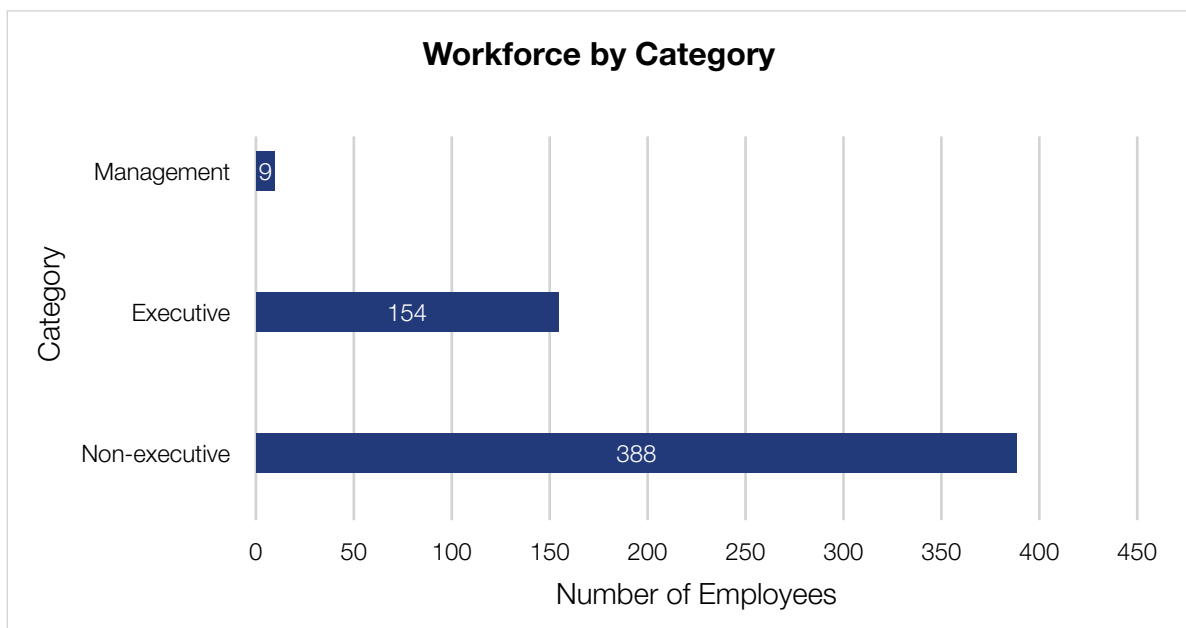
Sustainability Statement (Cont'd)

5.2 Diversity and Equal Opportunity (Cont'd)

Our workforce is young, with almost 91% of our employees aged below 50. They are guided by more senior employees through sharing of experience and providing trainings to these young employees. We strive to cultivate a culture of knowledge and experience sharing, which serves as part of our effort in supporting the nation's aspiration of building skilled workforce and providing employment opportunities.



Almost our workforce comprises different categories across the Group, based on their skills, experience and competency:



Sustainability Statement (Cont'd)

5.2 Diversity and Equal Opportunity (Cont'd)

Compensation and Benefits

Employees' contributions to the Group's success were recognised and competitive compensation packages were awarded based on the employees' performance as assessed during their appraisal review. To motivate employees to achieve greater performance, bonuses and annual increments are provided to incentivise them.

Kitacon's employee benefits programmes are tailored to the needs of a diverse workforce and include competitive remuneration packages such as hospitalisation and surgical plans, personal accident insurance, leave benefits, and travel allowances.

LEAVES	ALLOWANCE/ BENEFIT	MEDICAL/ INSURANCE
<ul style="list-style-type: none"> • Annual leave • Sick leave • Hospitalisation & Prolonged Medical Leave • Maternity Leave • Paternity Leave • Compassionate Leave • Matrimonial Leave 	<ul style="list-style-type: none"> • Mobile Phone • Club Membership • Vehicle Benefit 	<ul style="list-style-type: none"> • Medical Benefits • Group Personal Accident & Hospitalisation Insurance

5.3 Training and Development

The Group is committed to talent development and provides a platform for employees to continue developing their skills and gaining experience. Our training programmes are identified based on business strategies and operational needs, to meet regulatory requirements while also ensuring the development of our people's technical, interpersonal, business, and management skills.

We allocate training budget and plan training courses covering topics such as construction techniques, quality management, health and safety, environmental awareness, anti-bribery and corruption, sustainability, climate change, 5S lean methodology, problem solving skills and self-development trainings, among others. In FY2022, the Group conducted twenty (20) sessions of external trainings and total training hours achieved were 1977.5 hours. A total of RM70,625 was spent on providing trainings and development programmes to our employees.

Training Details Per Employee		FY2022
Average training hours		3.59
Average training hours (female employee)		3.14
Average training hours (male employee)		3.67

At Kitacon, we emphasise on the development of our employees, in areas of technical and interpersonal skills. We have a systematic appraisal system where employees are assessed based on their respective skillset and capabilities, covering job-specific knowledge and skills, quality and quantity of works, soft skills and personal behaviours at workplace. The annual performance appraisal was conducted on a one-to-one basis based on the metrics indicator indicated in the appraisal form.

Sustainability Statement (Cont'd)

5.3 Training and Development (Cont'd)

Moving forward, we are planning to deploy a data analytics software to establish Key Performance Indicators (“KPIs”) for our employees. This advanced KPI management tool enables employers to monitor the employees’ performance monthly and we will schedule face-to-face discussions every 4 months to review performance and provide improvement ideas periodically.

Through systematic and periodic measurement of the employees’ work performance against the established requirements, we will be able to identify their strengths and weaknesses as well as aligning personal goals to the Group’s vision, which is important to the employees’ future development potential and the long-term success of the Group.

5.4 Labour / Management Relations

Accommodations for Foreign Workers

We provide accommodation in compliance with the minimum requirements set out under the relevant regulations to our foreign construction workers. These accommodations are issued with Certificates for Accommodation by the Department of Labour of Peninsular Malaysia, save for the construction sites where application for Certificates for Accommodation are at various stages of approval. Amenities such as canteen, prayer room, kitchen, dining area and recreational area are provided in these accommodations. Our TQM Department conducts inspections regularly to ensure these facilities are well maintained, clean and hygienic. We also encourage our foreign workers to carry out community activities or “gotong-royong” routinely to maintain safety and cleanliness of their living places.



Grievance Procedure

Kitacon is dedicated to creating a conducive and harmonious working environment to take better care of our employees’ health and productivity. To achieve this, voices from employees need to be heard from time to time and reasonable effort is expected to be made to settle grievances as equitably and as quickly as possible at the lowest possible level.

Employees may raise complaints or grievances for matters related to:

- a) Sexual harassment
- b) Work
- c) Working environment
- d) Working relationship
- e) Others

Sustainability Statement (Cont'd)

5.5 Occupational, Safety and Health (“OSH”)

Kitacon emphasises on providing a safe and healthy working environment to employees by preventing injury and any damage to property at HQ and sites. We have formalised control measures and procedures for safety and health functions such as systemising compliance checklist and furnishing our employees with knowledge on workplace hazards and emergency response plan. The past achievements of our workplace safety provide confidence to our customers that their projects will not be significantly disrupted by workplace accidents.

Kitacon is committed to fulfil its legal requirements and compliance obligation as well as the protection to all applicable Environmental, Safety and Health legislation and regulation and relevant parties’ requirements. This commitment is demonstrated through the certification of ISO 45001:2018 Occupational Health and Safety Management System achieved by Kitacon since 2008.



Kitacon’s TQM Department has set below objectives and targets in relation to Occupational Safety and Health and all were achieved in FY2022. We are dedicated to continuing nurture a safety culture within Kitacon Group.

No.	Objectives	Department	Target
1	To prevent incidents and accidents (physical and ill health cases).	All	Zero Case
2	To reduce Risk relevant to organisation.	All	Zero ‘H’ (High Risk)

For each project, there will be a dedicated Environmental, Safety and Health Committee which consists of project manager, site safety supervisor, site engineer, site supervisor, environmental officer, and employee representatives, to enforce safety management at our construction sites. They are responsible to minimise occupational hazards, maintaining safety compliance of project sites as well as preventing damage to the surrounding environment.

Safety and Health Committee (“SHC”) organises monthly meeting to discuss on the enforcement of Health, Safety, Environment and Security Policy, review incidents and Hazard Identification, Risk Assessment and Risk Control (“HIRARC”), among others. There were 155 SHC meetings conducted in FY2022. In addition, toolbox meetings are frequently held on a weekly basis where construction workers gather to gain a strong awareness of health and safety while on the job and to create a safer working environment.

Furthermore, several ESH campaigns were held at a total cost of RM29,695 to provide training to employees, construction workers, and the emergency response team (“ERT”) in order to develop a culture of putting occupational safety and health as top priority in all operations.

Sustainability Statement (Cont'd)

5.5 Occupational, Safety and Health (“OSH”) (Cont'd)

Over the year of 2022, Kitacon has achieved a total of 6,400,584 man-hours inclusive of sub-contractor workers with zero fatalities, injuries, incidents or accidents. We will continually improve the Environmental, Safety and Health performance through constant monitoring and review, in addition, committed to consultation and participation of workers or worker representatives.

5.6 Local Communities

Developing Internal Communities Via Employee Engagement

Team building activities and human resources practices are important in shaping the workplace culture and they can influence positive business outcomes. Kitacon views employees as a great asset and continuously improves the relationship between our employees and the Group through different employee engagement activities.

In FY2022, we invited an external training provider to conduct team building activities for our employees, with the objectives to strengthen team spirit among employees, improve interpersonal communication skills and learning ways in reducing stress during and after work, among others. Our employees enjoyed the outdoors and critical thinking activities as well as the competitive games and the objectives were achieved. We will continue enhancing our employee engagement to create a more productive, harmonious, and positive workplace.



Our Contribution to External Communities

We are committed to act ethically in our business operations, not only in our dealings with our stakeholders but also giving back to our community as we believe that we are responsible to improve the quality of life and create positive impacts to the communities where our business operations take place. As a socially responsible corporate citizen, we are conscious of the needs of the nearby community and help to improve their socio-economic conditions via internship placement, charitable donations and also festival celebration, whenever possible.

In FY2022, we provided 27 internship placements for students from colleges and universities to give them the opportunity for career exploration and development in the construction industry. We also offered permanent employment opportunities to those who completed their internship exceeding our expectations.

Kitacon sets aside budget each year for charitable donation purpose. We donated funds to charitable organisations and education foundation, amounting to RM51,905 in FY2022. Moving forward, we will join hands with other foundations and our clients to distribute grocery bundles to the needy families during festive seasons and participate in other community engagement activities.

Through the philanthropic giving, we hope to improve the underprivileged community's accessibility to better education, clean water and sanitation, peace and harmony society as well as health services.

Sustainability Statement (Cont'd)

GRI CONTENT INDEX REFERENCE

GRI STANDARD / OTHER SOURCE	DISCLOSURE ITEM	DISCLOSURE DESCRIPTION / STATUS	REFERENCE PAGES(S) IN ANNUAL REPORT
GRI 2: General Disclosures 2021			
1. The organisation and its reporting practice			
2-1	Organisation details	Introduction	2
2-2	Entities included in the organisation's sustainability reporting	Reporting Framework and Scope	25
2-3	Reporting period, frequency and contact point	Reporting Framework and Scope Feedback	25 25
2. The organisation and its reporting practice			
2-6	Activities, value chain and other business relationship	Management Discussion and Analysis section in the Annual Report	21-33
2-7	Employees	Diversity and Equal Opportunities	40-42
3. Governance			
2-9	Governance structure and composition	Sustainability Governance Structure	27
2-10	Nomination and selection of highest governance body	Sustainability Governance Structure	27
2-11	Chair of the highest governance body	Sustainability Governance Structure	27
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Structure	27
2-13	Delegation of responsibility for managing impacts	Sustainability Governance Structure	27
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance Structure	27
2-16	Communication of critical concerns	Sustainability Governance Structure Corporate Governance Overview Statement	27 60-61
2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement	56
2-19	Remuneration policies	Corporate Governance Overview Statement	56-58
2-20	Process to determine remuneration	Corporate Governance Overview Statement	56-58



Sustainability Statement (Cont'd)

GRI CONTENT INDEX REFERENCE

GRI STANDARD / OTHER SOURCE	DISCLOSURE ITEM	DISCLOSURE DESCRIPTION / STATUS	REFERENCE PAGES(S) IN ANNUAL REPORT
4. Strategy, policies and practices			
2-23	Policy commitments	Corporate Governance	30-31
2-24	Embedding policy commitments	Sustainability Governance Structure	27
2-25	Processes to remediate negative impacts	Corporate Governance	30-31
		Labour / Management Relations	43
2-26	Mechanism for seeking advice and raise concerns	Corporate Governance	30-31
		Labour / Management Relations	43
2-27	Compliance with laws and regulations	Corporate Governance	30-31
		Environmental Compliance	33
		Labour / Management Relations	43
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	Stakeholder Engagement	28
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Materiality Assessment	29-30
3-2	List of material topics	Materiality Assessment	29-30
3-3	Management of material topics	Governance	30-31
		Economy	32
		Environment	32-38
		Social	39-45
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Procurement Practices	32
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Corporate Governance	30-31
205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance	30-31
205-3	Confirmed incidents of corruption and actions taken	Corporate Governance	30-31

Sustainability Statement (Cont'd)

GRI CONTENT INDEX REFERENCE

GRI STANDARD / OTHER SOURCE	DISCLOSURE ITEM	DISCLOSURE DESCRIPTION / STATUS	REFERENCE PAGES(S) IN ANNUAL REPORT
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	Energy	34-36
302-3	Energy intensity	Energy	34-36
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Water Management	36
303-2	Management of water discharge-related impacts	Environmental Compliance	33
		Effluent	38
303-3	Water withdrawal	Water Management	36
303-4	Water discharge	Effluent	38
303-5	Water consumption	Water Management	36
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Effluent and Waste	36-38
306-2	Management of significant waste-related impacts	Effluent and Waste	36-38
306-3	Waste generated	Effluent and Waste	36-38
306-4	Waste diverted from disposal	Effluent and Waste	36-38
306-5	Waste directed to disposal	Effluent and Waste	36-38
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Employment	39
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity and Equal Opportunity	40-42
		Diversity and Equal Opportunity	40-42
401-3	Parental leave	Diversity and Equal Opportunity	40-42



Sustainability Statement (Cont'd)

GRI CONTENT INDEX REFERENCE

GRI STANDARD / OTHER SOURCE	DISCLOSURE ITEM	DISCLOSURE DESCRIPTION / STATUS	REFERENCE PAGES(S) IN ANNUAL REPORT
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Occupational, Safety and Health ("OSH")	44-45
403-2	Hazard identification, risk assessment, and incident investigation	Occupational, Safety and Health ("OSH")	44-45
403-3	Occupational health services	Occupational, Safety and Health ("OSH")	44-45
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational, Safety and Health ("OSH")	44-45
403-5	Worker training on occupational health and safety	Effluent and Waste	36-38
		Occupational, Safety and Health ("OSH")	44-45
403-6	Promotion of worker health	Occupational, Safety and Health ("OSH")	44-45
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational, Safety and Health ("OSH")	44-45
403-8	Workers covered by an occupational health and safety management system	Occupational, Safety and Health ("OSH")	44-45
403-9	Work-related injuries	Occupational, Safety and Health ("OSH")	44-45
403-10	Work-related ill health	Occupational, Safety and Health ("OSH")	44-45
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Training and Development	42-43
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development	42-43
404-3	Percentage of employees receiving regular performance and career development reviews	Training and Development	42-43

Sustainability Statement (Cont'd)

GRI CONTENT INDEX REFERENCE

GRI STANDARD / OTHER SOURCE	DISCLOSURE ITEM	DISCLOSURE DESCRIPTION / STATUS	REFERENCE PAGES(S) IN ANNUAL REPORT
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunities	40-42
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	Local Communities	45
413-2	Operations with significant actual and potential negative impacts on local communities	Local Communities	45



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Kumpulan Kitacon Berhad (“the Company”) is pleased to present the Corporate Governance (“CG”) Overview Statement of the Company for the financial period ended 31 December 2022 (“FY2022:”). The Board in leading the Company in its CG practices is guided by the principles as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”).

The CG Overview Statement is prepared in compliance with Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Corporate Governance Guide (4th edition) issued by Bursa Securities.

Details of the application of the MCCG disclosed in the Company’s Corporate Governance Report which is available on the Company’s website at <https://www.kitacon.com.my/> as well as via announcement on the website of Bursa Securities.

The CG Overview Statement provides a summary of the Company’s CG practices during the FY2022 with reference to the following 3 principles, intended outcomes and practices of the MCCG, having considered the Company’s structure, processes, business environment and industry practices:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders

This CG Overview Statement should also be read in conjunction with the other statements in the Annual Report 2022 (such as the Statement on Risk Management and Internal Control, the Audit and Risk Management Committee Report and Sustainability Statement) as the application of certain governance enumerations may be more evidently expressed in the context of the respective statements.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

1. Establishing clear roles and responsibilities of the Board

The Board assumes overall responsibility in leading the strategic direction, future expansion, CG, risk management, human resource planning and development, investments made by the Company and overseeing the proper conduct of business of the Group.

In ensuring clear leadership and governance structure, the Board has formalised a Board Charter, which sets out the roles and responsibilities of the Board, the roles of the Board Committees established to assist the Board in the discharge of its duties and the fiduciary duties of Directors.

The Board Charter is approved by the Board and is periodically reviewed to ensure its provisions remain relevant and reflect the needs of the Company as well as development in regulatory requirements. The Board Charter is available on the Company’s corporate website.

In order to ensure effective discharge of its stewardship role, the Board delegates some of its responsibilities to the Board Committees, namely Audit and Risk Management Committee (“ARMC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) which operate within defined Terms of Reference (“TOR”). The Chairperson of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decisions, where necessary.

Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and/or decisions made by each Board Committee through reports made by the Chairperson and the tabling of Board Committee Minutes of the applicable period for notation by the Board. The ultimate responsibility for decision making, however, lies with the Board.

Corporate Governance Overview Statement

(Cont'd)

2. Separation of positions of the Chairperson and Managing Director

The Board is headed by an Independent Non-Executive Chairperson who is responsible for the leadership, integrity, and effectiveness of the governance of the Board. The responsibilities of the Chairperson are set out in the Board Charter.

The Chairperson of the Board is not a member of the ARMC, NC and RC of the Company and does not participate in any of the Board Committees' meetings.

There is a clear division of roles and responsibilities between the Chairperson and Managing Director in ensuring balance of power and authority in the Company. The Chairperson is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role whilst, the Managing Director is the conduit between the Board and Management in ensuring the success of the Governance and Management functions of the Company.

3. Company Secretaries

The Board has unrestricted access to the advice and services of the Company Secretaries, who are qualified in accordance with the requirements of the Company Act 2016 ("the Act") and are members of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries are equipped with relevant experience and competence on statutory and regulatory requirements.

The Company Secretaries' responsibilities include advising the Board on governance matters, on top of assisting and advising the Board on statutory compliance with the Act and matters pertaining to the discharge of duties by the Board and Board Committees, based on their respective TOR. The Company Secretaries also regularly update the Board on developments on the areas of corporate governance and compliance with regulatory requirements, codes, guidance and legislations.

The Company Secretaries assist the Board in facilitating its Board procedures including Board meetings which are included in the Board Charter.

In order to discharge the Company Secretaries' role effectively, the Company Secretaries have been continuously attending the necessary training programmes and conferences so as to keep themselves abreast with the latest developments in corporate governance realm and changes in regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

4. Access of Information and Advice

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors and External Auditors and may seek advice from the Management on issues under their respective purview. The Board members have full and timely access to all information within the Group and the Board/Board Committees papers are distributed at least seven (7) days prior to the Board/Board Committees' Meetings to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meetings to discharge their duties diligently.

The Board papers which include the agenda and reports cover amongst others, areas of strategic, financial, operational, and regulatory compliance matters that require the Board's approval.

All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairperson as a correct record. The Company Secretaries record the proceedings of all meetings including pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decisions made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.



Corporate Governance Overview Statement

(Cont'd)

5. Board Charter

The Board Charter adopted by the Board serves as a source of reference and primary guide to the Board as it sets out the role, functions, composition, operation, and processes of the Board. There is a schedule of matters specifically reserved for the Board's decision set out in the Board Charter.

The Board Charter delineates the duties and responsibilities of the Board, Board Committees and individual Directors, including the following matters that are solely reserved for the Board's decision:-

- (a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
- (b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- (c) Strategic investments, mergers and acquisitions and corporate exercises;
- (d) Limits of authority;
- (e) Treasury policies;
- (f) Risk management policies; and
- (g) Key human resource issues.

The Board Charter is available at the Company's website at <https://www.kitacon.com.my/>.

6. Code of Ethics and Conduct

The Board has formalised a Code of Ethics and Conduct for the Directors and adheres to the Code of Conduct expected for Directors as set out in the Company's Directors' Code of Ethics promulgated by the Companies Commission of Malaysia which governs the underlying core ethical values and commitment to lay standards of integrity, transparency, accountability, and corporate social responsibility. The Code of Ethics and Conduct of Directors are available at the Company's website at <https://www.kitacon.com.my/>.

7. Whistleblowing Policy

The Company has put in place a Whistleblowing Policy to strive to conduct its business relationships and dealings with the highest level of integrity and accountability and adopt zero-tolerance approach towards any misconduct that would jeopardise its good standing and reputation. This policy is intended to encourage and enable the Directors, employees and stakeholders of the Group to raise concerns about suspected and/or known malpractices, misconduct or wrongdoings. The Whistleblowing Policy is available at the Company's website at <https://www.kitacon.com.my/>.

8. Anti-Bribery and Anti-Corruption Policy

The Company has adopted an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy"), which is made available at the Company's website at <https://www.kitacon.com.my/>.

The ABAC Policy leverages on the core principles of the Company as set out in the Company's Code of Ethics and Conduct. The ABAC Policy serves as a guideline on how to deal with Bribery and Corruption which may arise in the course of business.

Corporate Governance Overview Statement (Cont'd)

II Board Composition

1. Board Composition and Balance

Currently, the Board has eight (8) members, comprising of four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director, one (1) Managing Director and two (2) Executive Directors. This complies with Paragraph 15.02 of the MMLR which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors. The composition of the Board is also in line with Practice 5.2 of MCCG 2021 with at least 50% of its composition are Independent Directors.

The Directors bring to the Board a diverse mix of skills and experience, including in the fields of engineering, project management, legal, etc. There are three (3) female Directors on the Board of Kitacon, which meet the target of having 30% women Directors.

A brief profile of each Director is presented in the Profile of Board of Directors section of the Annual Report 2022.

2. Board Independence

The Board recognises that the independence and objective judgement are crucial and imperative in decision making process. The Independent Non-Executive Directors play a significant role in providing unbiased and independent view, advice and judgement considering the interest of relevant stakeholders, including minority shareholders of the Group.

As to-date, the tenures of all the Independent Directors are less than nine (9) years of service. The Board will justify and seek annual shareholders' approval through a two-tier voting process in the event it retains an Independent Director who has served in that capacity for a cumulative period of more than nine (9) years.

3. Boardroom Diversity

The Board acknowledged the importance of boardroom diversity and recognises the importance of providing fair and equal opportunities and fostering diversity within the Group. The Group endeavours to have a balanced representation in terms of mixture of skills, knowledge and experience, background, expertise, age, gender, and ethnicity. The Board acknowledges the diverse Board as an essential element in maintaining competitive advantage in leveraging different perspective to various issues raised and quality decision making, which in return contribute to the development and sustainability of the Company.

At present, the Board has three (3) female Directors, which is 37.5% (i.e., more than 30%) of the Board. The Board, through its NC and RC will continue to consider gender diversity as part of its future selection of Board representation. The Board recognises that a diverse Board in the Group can offer greater depth and breadth of perspectives, and diversity in the Management Team which will lead to better collective decisions.

4. Appointment of Directors

The NC and RC are entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC and RC in discharging its duties in the aspects of nomination, evaluation, selection, and appointment process of new Directors.

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the NC and RC. All nominees and candidates to the Board are first considered by the NC and RC taking into consideration, inter-alia, the competency, knowledge, expertise and experience, professionalism, integrity, time commitment of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

In identifying candidates for appointment as Directors, the NC and RC would use a variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely relying on the recommendations from existing Board members, Management, or major shareholders.



Corporate Governance Overview Statement

(Cont'd)

5. Retirement of Directors

In accordance with the Company's Constitution, all Directors shall retire from office at the 1st AGM and an election of Directors shall take place every year. At every annual general meeting, one-third (1/3) of the Directors who are subject to retirement by rotation for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election, provided that all Directors shall retire from office once at least in every three (3) years. A retiring Director shall be eligible for re-election. A Director retiring at an AGM shall retain office until the conclusion of the AGM.

The NC had made recommendations to the Board on re-election of all the Directors, who are subject to retirement by rotation pursuant to Clause 98 of the Company's Constitution at the 1st AGM:-

- 1) Datuk Dr. Siti Hamisah Binti Tapsir (appointed w.e.f. 25 May 2022)
- 2) Mr. Tan Ah Kee (appointed w.e.f. 24 February 2022)
- 3) Mr. Teow Choo Hing (appointed w.e.f. 12 May 2022)
- 4) Mr. Gam Boon Tin (appointed w.e.f. 25 May 2022)
- 5) Mr. Goh Yin Huat (appointed w.e.f. 25 May 2022)
- 6) Mr. Low Chin Ann @ Han Chin Ann (appointed w.e.f. 25 May 2022)
- 7) Ms. Chang Sua Yean (appointed w.e.f. 25 May 2022)
- 8) Puan Nooriah Binti Hassan (appointed w.e.f. 25 May 2022)

The Board is satisfied with the skills and contributions of these retiring Directors and recommends their re-election as Directors of the Company which is to be tabled at the 1st AGM.

6. Directors' Commitment

The Board meets on a quarterly basis with additional meetings convened where necessary to deal with urgent and important matters that require the attention of the Board. All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company, as all of the Directors had attended all the Board Meetings for the financial period under review.

During the financial period ended 2022 (prior to the officially listed on 17 January 2023), there were no ARMC Meeting, no NC Meeting and no RC Meeting held. The ARMC, the NC and the RC held meetings after listing until to-date. The Board held two (2) meetings during the financial period 2022 and three (3) meetings after listing until to-date. The details of the Directors' attendance at the Board and Board Committee meetings are set out below:-

Names	Board	ARMC	NC	RC
Datuk Dr. Siti Hamisah Binti Tapsir <i>Independent Non-Executive Chairperson</i>	5/5	–	–	–
Mr. Tah Ah Kee <i>Managing Director</i>	5/5	–	–	–
Mr. Goh Yin Huat <i>Chief Financial Officer</i>	5/5	–	–	–
Mr. Gam Boon Tin <i>Chief Operating Officer</i>	5/5	–	–	–
Mr. Teow Choo Hing <i>Non-Independent Non-Executive Director</i>	5/5	–	1/1	2/2
Mr. Low Chin Ann @ Han Chin Ann <i>Independent Non-Executive Director</i>	5/5	3/3	–	2/2
Ms. Chang Sua Yean <i>Independent Non-Executive Director</i>	5/5	3/3	1/1	2/2
Puan Nooriah Binti Hassan <i>Independent Non-Executive Director</i>	5/5	3/3	1/1	–

Corporate Governance Overview Statement

(Cont'd)

7. Directors' Trainings

The Board acknowledges that continuous education is vital for the Board members to keep abreast with the latest developments in the industry and business environment as well as changes to statutory requirement and regulatory guidelines.

All Directors of the Company have attended the Mandatory Accreditation Programme as prescribed in the Listing Requirements. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors on a continuous basis.

8. Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to Board Committees. These Board Committees have the authority to examine issues and report to the Board on their proceedings and deliberations together with its recommendations. However, the ultimate responsibility for the final decision on all matters lies with the entire Board as a whole.

(a) Audit and Risk Management Committee ("ARMC")

The ARMC assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to the internal controls, financial and accounting records, and policies as well as financial reporting practices of the Group.

A copy of the TOR of the ARMC is available for viewing at the Company's website at <https://www.kitacon.com.my/>.

The composition and activities of the ARMC for the financial period under review and after listing until to-date are set out in the ARMC Report.

(b) Nomination Committee ("NC")

The NC assists the Board in carrying out the annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution or performance of each individual Director. The NC also assists the Board in assessing the level of independence of the Independent Directors annually.

The duties and responsibilities of the NC are set out in the TOR of the NC, which is published and available for viewing at the Company's website at <https://www.kitacon.com.my/>.

The composition and activities of the NC for the financial period under review and after listing until to-date are set out in the Nomination Committee Report.

(c) Remuneration Committee ("RC")

The Board is assisted by the RC which is responsible for making recommendations to the Board on remuneration arrangements for Directors and Key Senior Management. The RC has a TOR which is available on the Company's website at <https://www.kitacon.com.my/>.

The Board, assisted by the RC, reviews the remuneration policy for the Directors and Key Senior Management of the Group. The remuneration policy of the Company provides that all Executive Directors and Key Senior Management are remunerated based on the Group and individual's performances, market conditions and their responsibilities, whilst the remuneration of the Non-Executive Directors is determined in accordance with their experiences, level of responsibilities assumed in the Board Committees, their attendances and/or special skills and expertise they bring to the Board.

The remuneration for each Director on a named basis, from the Company and from the Group respectively, broken down into each remuneration component, is published on the Company's corporate website.



Corporate Governance Overview Statement

(Cont'd)

9. Annual Assessment on effectiveness of the Board and Individual Directors

The NC has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the effectiveness of the Board Committees, contribution and performance of each Director and performance of Audit Committee members on an annual basis.

The evaluation process is led by the NC Chairperson, who is an Independent Non-Executive Director and supported by the Company Secretaries. The evaluation process is conducted via questionnaires to review the effectiveness of the Board and its Committees and based on self-review and peer assessment. The NC reviews the outcome of the assessment and reports to the Board, areas for improvement, and is also used as the basis of recommending relevant Directors for re-election at the AGM.

The NC reviews the effectiveness of the Board by considering the composition of the Board, time commitment, boardroom activities and the overall performance of the Board.

The NC undertakes annual assessment on the independence of Directors. When assessing independence, the NC focuses on whether the Independent Directors can bring independent and objective judgement and act in the best interest of the Group.

Upon its annual assessment conducted on effectiveness of the Board and Board Committees; character, experience, integrity, competence and time commitment of each Director and Managing Director, Chief Financial Officer and Chief Operating Officer; mix of skills and experience of the Board; level of independence of the Directors; and term of office and performance of the ARMC and each of its members, the NC had concluded that the Directors have discharged their duties more than satisfactory. The NC was also satisfied with the performance of the Board and Board Committees. As for the balance and composition of the Board, the NC concluded that the Directors have the appropriate mix of skills, experience, knowledge, and professional qualifications which will contribute positively to the Board Committees and the Board as a whole.

III Remuneration

The RC has established a Remuneration Policy for Directors and Key Senior Management which provides a guidance to determine the level of composition of remuneration of Directors and Key Senior Management to attract, retain and motivate the right candidates which consider the demands, complexities, and performance of the Group as well as skills and experience required. Level of remuneration should be sufficient to attract and retain the Directors and Key Senior Management needed to run the Group successfully.

The Remuneration Policy of Directors and Senior Management is available for reference at the Company's website at <https://kitacon.com.my/>.

The remuneration of the Executive Directors is reviewed and recommended by the RC to the Board for approval. The Independent Non-Executive Directors are remunerated with Directors' fees are subject to shareholders' approval at the AGM annually in accordance with the Company's Constitution and Section 230(1) of the Companies Act 2016. Therefore, in terms of recommending the proposed Directors' fees, the RC takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate in the industry. The Board then collectively determines the remuneration for the Independent Non-Executive Directors based on the RC's recommendation. All Directors shall abstain from discussion and decisions on their own remuneration.

The Company also provides Directors' and Officers' Liability Insurance which may provide an indemnity to the fullest extent permitted by the Companies Act 2016 and against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers.

Corporate Governance Overview Statement (Cont'd)

In regards to the remuneration of the Senior Management's remuneration, the Company notes that such disclosure may give rise to recruitment and talent retention challenges. Hence, the Company has departed from Practice 8.2 and not adopting Step-Up Practice 8.3 of the MCCG which requires disclosure of the remuneration of the top 5 Senior Management personnel on a named basis in bands of RM50,000 as the Board is of the view that such information, if disclosed, raises personal security concerns on the part of the Senior Management personnel and could result in employee poaching by competitors.

Detailed information on the Directors' remuneration for the financial period ended 2022 on a named basis are disclosed under Practice 8.1 of the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I ARMC

1. Composition

The ARMC is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Group's management of its financial risk processes, accounting, and financial reporting practices, ensuring the efficacy of the Group's system of internal control and in maintaining oversight of both the internal and external audit functions.

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The ARMC Chairperson, Mr. Low Chin Ann @ Han Chin Ann, is the Independent Non-Executive Director and is not the Chairperson of the Board. Ms. Chang Sua Yean and Puan Nooriah Binti Hassan both are the Independent Non-Executive Directors.

The independence, objectivity, and integrity of the members of the ARMC are the key requirements which the Board of the Company recognises as essential for an effective and independent ARMC. None of the members of the ARMC is a former key audit partner. The ARMC has instituted a policy by way of inclusion in the TOR of the ARMC that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

2. Financial Reporting

The Board is responsible for keeping proper accounting records, which discloses with reasonable accuracy at any time the financial position of the Group and ensures that the financial statements of the Group comply with the Companies Act 2016 and applicable approved financial reporting standards in Malaysia.

The ARMC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Malaysian Financial Reporting Standards and Main Market Listing Requirements of Bursa Securities. In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balance and fair assessment of the Company's financial position and prospects. The ARMC reviews the Company's quarterly financial results and annual audited financial statements to ensure accuracy adequacy and completeness prior to presentation to the Board for its approval.

3. Suitability and Independence of External Auditors

The Board maintains a good professional relationship with the external auditors through the ARMC in discussing with them their audit plans, audit findings and financial statements. The ARMC invites the External Auditors at least twice a year to discuss their findings and audited financial statements of the Group. In addition, the ARMC also met with the External Auditors for the financial year ended 31 December 2022 without the presence of the Executive Directors, Managing Director, and Key Senior Management of the Company.



Corporate Governance Overview Statement

(Cont'd)

The ARMC is responsible for the recommendation on the appointment and re-appointment of the Company's External Auditors and the audit fees. The ARMC carried out an assessment of the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, communication and interaction and independence and objectivity.

Crowe Malaysia PLT, the External Auditors of the Company have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The ARMC is satisfied with the suitability and independence of Crowe Malaysia PLT based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed.

Details of the audit and non-audit fees paid or payable to the Group and the Company's External Auditors, Crowe Malaysia PLT for the financial year/period ended 31 December 2022 are set out as below:

Nature of Services	Company (RM)	Group (RM)
Audit fees	30,000	120,000
Non-audit fees ⁽¹⁾	421,000	421,000
Total	451,000	541,000

⁽¹⁾ The non-audit fees of the Company were incurred mainly for the advisory services (Reporting Accountants) in connection with the Company's Listing on the Main Market of Bursa Securities as well as the annual review of the Statement on Risk Management and Internal Control.

II Risk Management and Internal Control Framework

1. Risk Management and Internal Controls

The ARMC assists the Board on the Group's risk management matters, including overseeing the overall effectiveness of the risk management framework, the adequacy and effectiveness of internal controls, and reviewing the Group's risks including in the areas of cybersecurity, anti-corruption, and business contingency planning matter. Management implements risk management strategies based on the risk appetite approved by the Board and reports regularly to the ARMC.

The Board reviews the adequacy and operating effectiveness of the Group's risk management and internal control framework on an annual basis, based on, amongst others, the audit activities overseen by the ARMC, the assurance from the Managing Director and the Executive Directors' responsible for the Company's financial affairs, and input from other parties and processes. Details of the features of the Group's risk management and internal control framework and the Board's commentary on its adequacy and effectiveness are disclosed in the Statement on Risk Management and Internal Control.

The Board acknowledges that the internal control system is devised to cater for needs of the Company and risk management is to provide reasonable assurance against material misstatements or loss.

The Statement on Risk Management and Internal Control as set out in the Annual Report 2022 provides an overview of the state of risk management and internal controls within the Group.

2. Internal Audit Function

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group.

The Group has an internal audit function which is outsourced to Tricor Axcelasia Sdn Bhd and reports directly to the ARMC. The resources and scope of work to be covered by the internal audit function for the financial year ending ("FYE") 31 December 2023 to FYE 31 December 2025 is provided in the ARMC Report.

Corporate Governance Overview Statement (Cont'd)

Details on the person responsible for the internal audit are set out below:-

Name of Internal Auditor	:	Ms. Melissa Koay
Qualification	:	She is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Certified Accountants, United Kingdom. Ms Melissa Koay is also a Certified Internal Auditor.
Independence	:	Does not have any family relationship with any director and/or major shareholder of the Company.
Public Sanction or penalty	:	Has no convictions for any offences within the past five (5) years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period.

The ARMC meets regularly to review the risks identified, discuss on mitigation actions in place and report to the Board on a quarterly basis. Details of the internal audit function are set out in the Statement on Risk Management and Internal Control and the ARMC Report.

The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities which are carried out and monitored by the ARMC. The adequacy and effectiveness of the internal controls and risk management framework were reviewed by the ARMC.

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

I Communication with Stakeholders

The Group recognises the value of transparent, consistent, and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations.

The Board has established a dedicated section for corporate information on the Company's website at <https://kitacon.com.my/>, where information on the Company's announcements and financial information may be accessed. It also contains all announcements made to Bursa Securities as well as the contact details of a designated person to address any queries.

It has always been the Company's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, Annual Report, corporate announcements to Bursa Securities and press conferences.



Corporate Governance Overview Statement

(Cont'd)

II Conduct of General Meetings

The general meetings ("AGM/EGM") serve as an important and effective platform for our Directors and Key Senior Management to communicate with our shareholders. Shareholders will be given the opportunity to seek clarification on any issue on the resolutions being proposed as well as the matter relating to the performance, developments and future direction of our Group.

In line with good corporate governance practice, the notice of the First AGM together with the Annual Report 2022 is issued to shareholders more than 28 days from the AGM to allow sufficient time for the shareholders to go through the Annual Report 2022 and consider the proposed resolutions to be tabled at the AGM.

Having successfully listed on the MMLR of Bursa Securities on 17 January 2023, the Company will be holding its First AGM on 20 June 2023.

The Notice of AGM was also accompanied by explanatory notes which provides further explanation on each resolution proposed to facilitate informed decision-making by the shareholders. Barring unforeseen circumstances, all our Directors as well as the Chairperson shall be present at the forthcoming AGM of our Company to enable our shareholders to raise questions and concerns directly to those responsible.

This CG Overview Statement was approved by the Board of Directors of the Company on 26 April 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

OBJECTIVES

The principal objectives of the Audit and Risk Management Committee (“ARMC”) is to assist the Board of Directors (“the Board”) in fulfilling its statutory and fiduciary responsibilities relating to the financial reporting process, internal controls, risk management of Kumpulan Kitacón Berhad and its subsidiary (collectively “the Group”).

COMPOSITION OF THE ARMC

The ARMC was formed by the Board of Directors on 20 June 2022 and officially listed on the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 17 January 2023.

The ARMC consists of three (3) members, all of whom are Independent Non-Executive Directors, who are qualified individuals with required skills and expertise to discharge the ARMC’s functions and duties and each satisfies the independence requirements contained in the Listing Requirements of Bursa Securities.

The composition of the ARMC are as follows:

Names	Designation	Directorship
Mr. Low Chin Ann @ Han Chin Ann	Chairperson	Independent Non-Executive Director
Ms. Chang Sua Yean	Member	Independent Non-Executive Director
Puan Nooriah Binti Hassan	Member	Independent Non-Executive Director

This meets the requirements of Paragraph 15.09 of the Main Market Listing Requirements of Bursa Securities and Step-Up Practice 9.4 under the Principle B of the Malaysian Code on Corporate Governance 2021 (“MCCG”).

The Chairperson of the ARMC, Mr. Low Chin Ann @ Han Chin Ann is a member and Fellow member of the Association of Chartered Certified Accountants (“ACCA”) since 2005 and 2010 respectively, and a member of the Malaysian Institute of Accountants (“MIA”). He is not the Chairperson of the Board. In this respect, the Company complies with the Practice 9.1 under the Principle B of the MCCG.

TERMS OF REFERENCE OF THE ARMC

The ARMC is guided by its Terms of Reference (“TOR”), which is available on the Company’s website at www.kitacon.com.my. The TOR shall be assessed, reviewed and updated when necessary.

MEETINGS AND ATTENDANCE

During the financial period ended 31 December 2022 (“FY2022”), no ARMC Meeting was held by the ARMC members. The ARMC convened a total of one (1) meeting on 10 January 2023 (prior to the Company being officially listed on the Main Market of Bursa Securities on 17 January 2023) and two (2) meetings after listing until to-date.

The details of attendance of each member of the ARMC were as follows:

Names	Designation	Attendance (For Year 2023 until to-date)
Mr. Low Chin Ann @ Han Chin Ann	Chairperson	3/3
Ms. Chang Sua Yean	Member	3/3
Puan Nooriah Binti Hassan	Member	3/3

Minutes of each ARMC were recorded by the Company Secretaries and tabled for confirmation and adoption at the next ARMC Meeting and subsequently presented to the Board for notation. The Chairperson of the ARMC shall report on each meeting to the Board.



Audit and Risk Management Committee Report

(Cont'd)

The External Auditors, Internal Auditors, Managing Director, Executive Directors have attended meetings at the ARMC's invitation to facilitate direct communication and to provide clarifications on audit issues, area of concerns, operational matters as well as to brief ARMC on specific issues arising from the internal audit report in respect of the internal controls of the Group. The ARMC shall meet at least twice a year with the External Auditors without the Executive Directors and Management being present.

SUMMARY OF ACTIVITIES OF THE ARMC

The ARMC carried out its duties and responsibilities in accordance with its TOR.

The following summarises the works carried out by the ARMC:

1. Financial Reporting

- Reviewed the Group's unaudited quarterly results prior to recommending to the Board for approval and release it to Bursa Securities.
- Reviewed the Group's audited financial statements for FY2022 prior to recommending to the Board for consideration and approval, to ensure that statements and disclosures presented the true and fair view of the Group's financial performance in accordance with the Malaysian Financial Reporting Standard as well as the applicable disclosure provisions of Listing Requirements of Bursa Securities.
- Received and reviewed regular updates from Management on the status and implication of major accounting policies and financial reporting standards of the Group. There were no new or revised MFRS in FY2022 that had a material effect on the financial performance or position of the Group.

2. External Auditors

- Reviewed the external audit plan with the External Auditors, audit strategy and scope of works.
- Reviewed the competency, efficiency and independence of External Auditors prior to the recommendation to the Board for approval on the reappointment of the External Auditors and their audit fees of the Group.
- Reviewed and discussed with External Auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB and regulating requirements applicable to the Group; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.
- Reviewed and approve the non-audit services provided by the External Auditors and/or its network firms to the Company for the financial year, including the nature of the non-audit services, fee of the non-audit services, individually and in aggregate, relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided.
- Held private sessions with the External Auditors without the presence of the Management personnel (including the Managing Director and Executive Directors) during which the External Auditors provided its comments on the assistance and cooperation provided by the employees of the Group during audit.

3. Internal Audit Function

- Reviewed and approved the appointment of Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia") as the outsourced Internal Auditors of the Group, considering, amongst others, its independence, resources, competency and qualification and internal audit fee.
- Reviewed and approved the risk based internal audit plan for FYE 2023 to 2025 presented by the Internal Auditors, considering amongst others, the adequacy of scope and coverage, the Group's risk profile and reporting timeline.

Audit and Risk Management Committee Report (Cont'd)

4. Risk Management and Internal Control

- Reviewed the risk profile of the Group (including risk registers) and the Risk Management team's plans to mitigate business risks as identified from time to time.
- Reviewed the functions related to Risk Management and report directly to the Board.
- Reviewed and approved the TOR of the ARMC aligned with the developments of Listing Requirements of Bursa Securities and MCGG.

5. Related Party Transaction

- Reviewed details of the Group's related party transactions (including recurrent related party transactions) and recommended to the Board for their inclusion in the Group's Prospectus dated 28 December 2022.
- Reviewed the related party transaction procedures of the Group and recommended them for the Board's approval.
- Reviewed related party transactions (including recurrent related party transactions) during each quarter of the financial year, ensuring they are on the arm's length basis, are based on normal commercial terms not more favourable to the related party than those generally available to third parties, are not determined to minority shareholders, and are in the best interest of the Company.

SUMMARY OF THE WORKS OF THE INTERNAL AUDIT FUNCTIONS

For the financial period ended 31 December 2022, the Company has engaged an independent internal control consultant to assess the corporate governance practices as well as internal control and risk management systems of the Group, in preparation for the Group's listing on the Main Market of Bursa Securities.

The Group recognised that the internal audit function is an independent and objective assurance activity designed to add value and improve the operations of the Group. As of the date of this statement, the Group has appointed an independent professional service provider, Tricor Axcelasia was appointed on 30 November 2022 to assist the ARMC and the Board by independently assessing the adequacy and effectiveness of the internal control and risk management systems as established by the Management.

The engagement Executive Director is Ms. Melissa Koay ("Ms. Melissa") is a Chartered Member of the Institute of Internal Auditors Malaysia and a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. She is also a Certified Internal Auditors (USA). Ms. Melissa has a diverse professional experience in internal audits, risk management, and corporate governance advisory.

The Internal Auditor reports directly to the ARMC and is independent of the activities it audits. The objective of the internal audit is to assist ARMC by independently assessing and evaluating the adequacy and effectiveness of the system of internal controls is the primary responsibility of Management which includes the on-going monitoring of its implementation and continues improvement in responding to risks.

The primary responsibility of the Internal Auditor is to provide the services under the Statement of Work:

- To prepare a risk-based internal audit strategy document;
- To perform two (2) cycles of risk-based internal audit per annum based on the internal audit strategy document as approved by the ARMC for financial year ending ("FYE") 31 December 2023 to FYE 31 December 2025; and
- To conduct follow-up assessment on implementation status of prior internal audit recommendations.

In view of the recent appointment of the independent professional service firm, no internal audit work was performed during the financial period ended 31 December 2022.

This report was approved by the Board of Directors on 26 April 2023.



NOMINATION COMMITTEE REPORT

The Nomination Committee (“NC”) was formed by the Board of Directors (“the Board”) on 20 June 2022 and is responsible for the managing and oversight of recruitment, evaluation and retention of the Board and the Board committees.

The NC comprises of the following members, who are a majority of Independent Non-Executive Directors:-

Names	Designation	Directorship
Puan Nooriah Binti Hassan	Chairperson	Independent Non-Executive Director
Mr. Teow Choo Hing	Member	Non-Independent Non-Executive Director
Ms. Chang Sua Yean	Member	Independent Non-Executive Director

TERMS OF REFERENCE OF THE NC

The NC is guided by its Terms of Reference (“TOR”), which is available on the Company’s website at www.kitacon.com.my. The TOR shall be assessed, reviewed and updated when necessary.

MEETINGS AND ATTENDANCE

During the financial period ended 31 December 2022 (“FY2022”), no NC Meeting was held by the NC members. The NC convened one (1) meeting on 21 February 2023 after listing until to-date.

The details of attendance of each member of the NC were as follows:

Names	Designation	Attendance (For Year 2023 until to-date)
Puan Nooriah Binti Hassan	Chairperson	1/1
Mr. Teow Choo Hing	Member	1/1
Ms. Chang Sua Yean	Member	1/1

Minutes of the NC was recorded by the Company Secretaries and tabled for confirmation and adoption at the next NC Meeting and subsequently presented to the Board for notation.

SUMMARY OF ACTIVITIES OF THE NC

The NC carried out the following works in discharging its functions and duties during the FY2022, which are in line with its responsibilities as set out in its TOR:-

- (i) Considered and recommended to the Board the re-election of eight (8) Directors; and
- (ii) Assessed the annual effectiveness of the Board and individual Directors in FY2022.

The NC upon its annual assessment carried out was satisfied that the Directors have discharged their duties more than satisfactorily. The NC was also satisfied with the performance of the Board and the Board committees.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Kumpulan Kitacon Berhad ("KITACON") is pleased to present its Statement on Risk Management and Internal Control ("Statement") which outlines the nature and scope of risk management and internal control system of KITACON and its subsidiary ("the Group") for the financial year ended 31 December 2022. This Statement has been prepared pursuant to Rule 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance 2021, as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITIES

The Board acknowledges its responsibility and reaffirms its commitments for maintaining an effective internal control and risk management systems within the Group, including reviewing their adequacy and effectiveness, in order to protect shareholders' interest and the Group's assets.

In view of the limitations that are inherent in any internal control and risk management system, the Board recognises that such system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and strategies. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Board is assisted by the Audit and Risk Management Committee ("ARMC") to provide an oversight on the Group's risk management process by identifying and assessing risks, and making recommendations to monitor, evaluate, manage and mitigate such risks throughout the Group, especially on key risks areas such as business and strategic risks, financial risks, operational risks and regulatory or compliance risk.

The Group's risk management framework is guided by the principles set out in ISO31000, Risk Management which outlines the risk governance and structure, risk management policies, risk management process and integration of risk management into significant activities and functions.

The Group's has a robust risk management process for timely identification, assessment of identified risks, development of relevant risk action plans and continuous monitoring of key risks associated with functions, processes and activities to enable the Group to minimise losses and optimise opportunities.

During the financial year under review, an annual risk assessment was undertaken with key senior management to update the Group's risk profiles for the Group in terms of the controls and the risk ratings for each risk. All risks identified were individually assessed and ranked, having regard to the impact of the identified risk, likelihood or frequency of risk occurring, and effectiveness of the internal control systems currently in place to manage these key risks. Risk management activities are reported to the ARMC to keep the ARMC informed and advised of key risks and risk trends.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional service provider, Tricor Axcelasia Sdn. Bhd., which reports directly to the ARMC by independently reviewing the adequacy and effectiveness of the internal control system established by the Management. Further details of the Internal Audit Function are set out in ARMC Report on page 64 of this Annual Report.



Statement of Risk Management and Internal Control (Cont'd)

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of the Group's internal control system include:-

- i) Well-defined management organisation structure on the management responsibilities and hierarchical structure for directing, planning, executing, controlling and monitoring the business operations;
- ii) Clearly defined terms of reference, authorities and responsibilities of the ARMC, Nomination Committee and Remuneration Committee;
- iii) Quarterly financial results were presented to the ARMC and Board for approval;
- iv) The establishment and implementation of the Anti-Bribery and Anti-Corruption Policy, Code of Conduct and Ethics, and Whistleblowing Policy;
- v) Clearly documented operational processes as set out in the Quality Management System, Occupational Health and Safety Management System and Environmental Management System;
- vi) Employee handbook outlines the employment terms and conditions, including compensation, leaves, benefits and other matters related to their employment; and
- vii) The Management meetings were held monthly to identify, discuss and resolve key operational and management issues.

REVIEW THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Group for the financial year ended 31 December 2022, in compliance with the Rule 15.23 of the Listing Requirements of Bursa Securities. Their review was conducted in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants ("MIA").

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

Based on the review by the External Auditor, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

CONCLUSION

The Board had received assurance from the Managing Director and the Chief Financial Officer that the internal control and risk management system of the Group are adequate and operating effectively, in all materials aspects.

The Board is of the view that the internal control and risk management system is satisfactory and has no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

The Board is committed towards maintaining a sound internal control system and an effective risk management throughout the Group and reaffirms its commitment to continuously review and where necessary, enhance further the risk management and internal control systems.

This statement was approved by the Board of Directors on 26 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The Company was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 17 January 2023 ("Listing"). As part of the Listing exercise, the Company has undertaken a Public Issue of 76,088,500 new ordinary shares at an issue price of RM0.68 per share, raising gross proceeds of RM51.74 million ("IPO Proceeds").

As the Company was only listed after the financial year under review, none of the proceeds were utilised as of 31 December 2022.

Purposes	Proposed Utilisation RM'000	Expected Utilisation Time Frame
<u>Capital Expenditure</u>		
Purchase of construction equipment		Within 36 months
• Aluminium formwork systems	18,000	
• Scaffoldings and cabins	6,000	
Purchase of land and construction of a storage and refurbishment facility	20,000	Within 36 months
Working Capital	3,280	Within 24 months
Estimated IPO expenses	4,460	Within 1 month
Total	51,740	

2. AUDIT AND NON-AUDIT FEES

Details of the audit and non-audit fees paid or payable to the Company's External Auditors, Crowe Malaysia PLT during the financial period ended 31 December 2022 are set out as below:

Nature of Services	Company (RM)	Group (RM)
Audit fees	30,000	120,000
Non-audit fees ⁽¹⁾	421,000	421,000
Total	451,000	541,000

⁽¹⁾ The non-audit fees of the Company were incurred mainly for the advisory services (Reporting Accountants) in connection with the Company's Listing on the Main Market of Bursa Securities as well as the annual review of the Statement on Risk Management and Internal Control.

3. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Upon Listing, the Company has established an ESOS which involves the granting of ESOS Options to the eligible Directors and employees of the Group who fulfil the conditions of eligibility as stipulated in the By-Laws. However, the Company does not intend to grant any ESOS Option now.



Additional Compliance Information

(Cont'd)

4. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary involving the interests of the Directors or Major Shareholders of the Company, either still subsisting at the end of the financial period.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE ("RRPT")

The Group will seek its first shareholders' mandate for the RRPT, following its listing on 17 January 2023, at its forthcoming 1st AGM to be held on 20 June 2023. The details of the Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for RRPT to be entered by the Group with the related parties ("Proposed Shareholders' Mandate") are disclosed in the Circular to Shareholders dated 28 April 2023 together with this Annual Report 2022.

STATEMENT OF **DIRECTORS' RESPONSIBILITIES**

The Directors are required to prepare the financial statements for each financial year in accordance with Malaysian Financial Reporting Standards ("MFRS") and the provisions of the Companies Act 2016 in Malaysia.

The Directors are responsible to ensure that financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at the financial year/period and of the financial performance and cash flows for the financial year/period. In preparing the financial statements, the Directors have:-

- Adopted appropriate accounting policies in accordance with applicable approved accounting standards and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on going-concern basis.

The Directors also have the general responsibility to keep the accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy to ensure compliance with the provisions of the Companies Act 2016 as well as take reasonable steps to safeguard assets of the Group and of the Company to prevent and detect fraud and other irregularities.



FINANCIAL STATEMENTS

Directors' Report	72
Statement by Directors	77
Statutory Declaration	77
Independent Auditors' Report	78
Statements of Financial Position	82
Statements of Comprehensive Income	84
Statements of Changes in Equity	85
Statements of Cash Flows	86
Notes to the Financial Statements	88

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year/period ended 31 December 2022.

CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

The Company was incorporated in Malaysia as a private limited liability company on 24 February 2022 under the Companies Act 2016.

On 23 May 2022, the Company was converted from a private limited liability company to a public limited liability company and assumed its present name of Kumpulan Kitacon Berhad.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activity of the subsidiary is set out in Note 4 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) for the financial year/period	40,305,698	(3,802,871)

DIVIDENDS

During the financial year/period, subsidiary of the Group paid the following interim dividend to the former shareholders of the subsidiary:

	RM
An interim single tier dividend of RM1 for every 3 ordinary shares in respect of the financial year ended 31 December 2022, paid on 19 October 2022	10,000,000

The directors do not propose any final dividend in respect of the current financial period.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year/period have been disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company was incorporated with a total paid-up share capital of RM50 comprising 100 ordinary shares.

On 21 October 2022, the Company increased its issued and paid-up share capital from RM50 to RM184,401,509 by way of issuance of 423,911,400 new ordinary shares for a total consideration of RM184,401,459 as full payment for the acquisition of its subsidiary, Kitacon Sdn. Bhd. The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

During the financial period, there were no issues of debentures by the Company.

**SHARE OPTIONS**

The Company did not grant any share options during the financial period.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Group and of the Company, have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year/period which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year/period.

No contingent or other liability of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year/period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

Directors' Report

(Cont'd)

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year/period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year/period in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial period and up to the date of this report are as follows:-

Tan Ah Kee	(First director)
Teow Choo Hing	(Appointed on 12 May 2022)
Datuk Dr. Siti Hamisah Binti Tapsir	(Appointed on 25 May 2022)
Gam Boon Tin	(Appointed on 25 May 2022)
Goh Yin Huat	(Appointed on 25 May 2022)
Low Chin Ann @ Han Chin Ann	(Appointed on 25 May 2022)
Chang Sua Yean	(Appointed on 25 May 2022)
Nooriah Binti Hassan	(Appointed on 25 May 2022)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares of the Company and its related corporation during the financial period are as follows:-

Name of Director	At Date of Appointment	Number of Ordinary Shares		At 31.12.2022
		Bought ⁽²⁾	Sold	
Direct Interests				
Tan Ah Kee	100	97,499,600	–	97,499,700
Teow Choo Hing	–	169,564,600	–	169,564,600
Indirect Interests				
Tan Ah Kee ⁽¹⁾	–	156,847,200	–	156,847,200

⁽¹⁾ Deemed interested by virtue of his direct substantial shareholdings in Suan Neo Capital Sdn. Bhd. and Lembah Reka Sdn. Bhd.

⁽²⁾ The acquisition of shares resulting from restructuring exercise as disclosed in Note 34 to the financial statements.

By virtue of their shareholdings in the Company, Tan Ah Kee and Teow Choo Hing are deemed to have interests in shares of the subsidiary during the financial period to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial period had no interest in shares of the Company or its related corporation during the financial period.



Directors' Report

(Cont'd)

DIRECTORS' BENEFITS

Since the date of incorporation, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of certain related party transactions as disclosed in Note 27 to the financial statements.

Neither during nor at the end of the financial year/period, was the Group or the Company a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year/period are as follows:-

	The Group RM	The Company RM
Fees	496,000	196,000
Other short-term employee benefits	8,061,346	20,000
Defined contribution plans	964,680	–
	9,522,026	216,000

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company amounted to approximately RM64,800 (2021: RM17,400).

INDEMNITY AND INSURANCE COST

During the financial period, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARY

The details of the Company's subsidiary are disclosed in Note 4 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PERIOD

The significant events during the financial year/period are disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 35 to the financial statements.

Directors' Report

(Cont'd)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year/period are as follows:

	The Group RM	The Company RM
Audit fees	120,000	30,000
Non-audit fees	421,000	421,000
	541,000	451,000

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 APRIL 2023**

Tan Ah Kee

Gam Boon Tin



STATEMENT BY DIRECTORS

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

We, Tan Ah Kee and Gam Boon Tin, being two of the directors of Kumpulan Kitacon Berhad, state that, in the opinion of the directors, the financial statements set out on pages 82 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year/period ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 26 APRIL 2023**

Tan Ah Kee

Gam Boon Tin

STATUTORY DECLARATION

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

I, Goh Yin Huat, MIA Membership Number: 28791, being the director primarily responsible for the financial management of Kumpulan Kitacon Berhad, do solemnly and sincerely declare that the financial statements set out on pages 82 to 122 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Goh Yin Huat, at Klang
in the State of Selangor Darul Ehsan
on this 26 April 2023

Goh Yin Huat

Before me

INDEPENDENT AUDITORS' REPORT

To the Members of Kumpulan Kitacon Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kumpulan Kitacon Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year/period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and cash flows for the financial year/period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><u>Revenue and profit recognition from construction contracts (Refer to Notes 2.17 and 13 to the financial statements)</u></p> <p>The Group has recorded revenue from construction contracts of RM487,761,146 for the financial year ended 31 December 2022.</p> <p>Construction contract accounting is identified as a key audit matter due to significant judgements involved. This includes the determination of total estimated costs to complete and the measurement of progress which affects the amounts of revenue to be recognised. Revenue from construction contracts is recognised over time by reference to the survey of work performed.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> Reviewed the group policy on revenue recognition in order to ascertain that the revenue recognition policy meets the requirements of MFRS 15 <i>Revenue from Contracts with Customers</i>. Assessed the design and implementation of key controls over revenue recognition. Challenged the Group's key assumptions in the estimated costs to complete by performing the following procedures, among others: <ul style="list-style-type: none"> Checked the estimated costs to complete to supporting documentation such as approved budgets, contracts and variation orders with sub-contractors;



Independent Auditors' Report (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<p><u>Revenue and profit recognition from construction contracts (Refer to Notes 2.17 and 13 to the financial statements) (Cont'd)</u></p> <p>Changes in judgement and the related estimates throughout a contract period could result in a material variance in the revenue and profits recognised on contracts to date and in the current period.</p> <p>The key judgements over construction contract accounting arise from the following areas:</p> <ul style="list-style-type: none"> • Estimated costs to complete the contracts; and • The ability to deliver the contract within the contractual timelines and whether there is any exposure to liquidated and ascertained damages. 	<p>Our audit procedures included, among others: (Cont'd)</p> <ul style="list-style-type: none"> • Corroborated the stage of completion and extent of costs incurred to date by comparing to external architect certification. • Discussed with finance and operational units to understand the nature of contract variation orders and read the correspondences from customers including approved variation orders. • Assessed the timing to complete projects through corroborative discussion with finance and operational units; and • Evaluated the merits of extension of time application submitted to the contract customers to assess the exposure to liquidated and ascertained damages by inspecting relevant correspondences, including on-going negotiations with contract customers and contract terms.
<p><u>Impairment of receivables (Refer to Notes 2.11 and 11 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecast of future economic conditions.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of: <ul style="list-style-type: none"> • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. • Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof. • Reviewing the subsequent cash collections for major receivables and overdue amounts. • Making inquiries of management regarding the action plans to recover overdue amounts. • Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections. • Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix for expected credit loss assessment. • Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statement of the Company.

Independent Auditors' Report

(Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



Independent Auditors' Report (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Shah Alam

26 April 2023

Ong Beng Chooi
03155/05/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 31 December 2022

			The Group	The Company
	Note	2022 RM	2021 RM	2022 RM
ASSETS				
NON-CURRENT ASSETS				
Investment in a subsidiary	4	–	–	184,401,459
Investment in an associate	5	–	7,318,068	–
Equipment	6	13,212,640	9,580,195	–
Investment properties	7	4,709,863	21,027,434	–
Right-of-use assets	8	2,080,204	209,171	–
Other investments	9	30,894,000	47,062,928	–
Investment in club membership, at cost		85,003	85,003	–
Deferred tax assets	10	4,024,000	4,566,000	–
		55,005,710	89,848,799	184,401,459
CURRENT ASSETS				
Receivables	11	113,046,912	104,833,041	–
Prepayment		555,620	4,760	553,212
Contract costs	12	717,080	5,095,860	–
Contract assets	13	163,675,791	165,672,452	–
Current tax assets		–	2,842,657	–
Cash and cash equivalents	14	75,867,523	82,917,183	3,050
		353,862,926	361,365,953	556,262
TOTAL ASSETS		408,868,636	451,214,752	184,957,721

The annexed notes form an integral part of these financial statements.



Statements of Financial Position

(Cont'd)

			The Group	The Company
	Note	2022 RM	2021 RM	2022 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	15	184,401,509	–	184,401,509
Invested equity	16	–	30,000,000	–
Merger deficit	17	(154,401,459)	–	–
Retained profits/(Accumulated loss)		184,707,174	154,401,476	(3,802,871)
TOTAL EQUITY		214,707,224	184,401,476	180,598,638
NON-CURRENT LIABILITIES				
Term loans		–	6,365,415	–
Lease liabilities	18	96,531	86,520	–
Deferred tax liability	10	898,000	440,000	–
		994,531	6,891,935	–
CURRENT LIABILITIES				
Payables	19	192,761,126	258,640,775	4,359,083
Term loans		–	1,156,012	–
Lease liabilities	18	88,113	124,554	–
Current tax liabilities		317,642	–	–
		193,166,881	259,921,341	4,359,083
TOTAL LIABILITIES		194,161,412	266,813,276	4,359,083
TOTAL EQUITY AND LIABILITIES		408,868,636	451,214,752	184,957,721

The annexed notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year/Period ended 31 December 2022

		The Group	The Group	The Company
		1.1.2022	1.1.2021	24.2.2022
		to	to	to
		31.12.2022	31.12.2021	31.12.2022
	Note	RM	RM	RM
Revenue	20	487,761,146	455,502,208	–
Cost of sales		(396,411,786)	(374,640,431)	–
Gross profit		91,349,360	80,861,777	–
Other income		9,715,766	8,864,027	–
Administrative and other operating expenses		(46,889,230)	(37,006,952)	(3,802,871)
Net impairment losses on financial asset		(1,529,172)	(516,163)	–
Finance costs		(131,054)	(263,929)	–
Share of profit of associate		782,259	396,976	–
Profit/(Loss) before taxation	21	53,297,929	52,335,736	(3,802,871)
Income tax expense	23	(12,992,231)	(10,502,924)	–
Profit/(Loss) for the financial year/period		40,305,698	41,832,812	(3,802,871)
Other comprehensive income for the financial year/period		–	–	–
Total comprehensive income/(expense) for the financial year/period		40,305,698	41,832,812	(3,802,871)
Earnings per share				
- Basic (sen)	24	9.51	9.87	–
- Diluted (sen)	24	9.51	9.87	–

The annexed notes form an integral part of these financial statements.



STATEMENTS OF CHANGES IN EQUITY

For the Financial Year/Period ended 31 December 2022

The Group	Share capital RM	Invested equity RM	Merger deficit RM	Retained profits RM	Total equity RM
Balance at 1 January 2021	–	20,000,000	–	242,068,664	262,068,664
Profit (representing total comprehensive income) for the financial year	–	–	–	41,832,812	41,832,812
Issuance of shares	–	10,000,000	–	–	10,000,000
Dividends (Note 25)	–	–	–	(129,500,000)	(129,500,000)
Total transactions with owners	–	10,000,000	–	(129,500,000)	(119,500,000)
Balance at 31 December 2021	–	30,000,000	–	154,401,476	184,401,476
Profit (representing total comprehensive income) for the financial year	–	–	–	40,305,698	40,305,698
Issuance of shares	50	–	–	–	50
Dividends (Note 25)	–	–	–	(10,000,000)	(10,000,000)
Effect of restructuring exercise (Note 34)	184,401,459	(30,000,000)	(154,401,459)	–	–
Total transactions with owners	184,401,509	(30,000,000)	(154,401,459)	(10,000,000)	(9,999,950)
Balance at 31 December 2022	184,401,509	–	(154,401,459)	184,707,174	214,707,224

The Company	Share capital RM	Accumulated loss RM	Total equity RM
At date of incorporation	50	–	50
Loss (representing total comprehensive expense) for the financial period	–	(3,802,871)	(3,802,871)
Effect of restructuring exercise (Note 34)	184,401,459	–	184,401,459
Total transactions with owners	184,401,459	–	184,401,459
Balance at 31 December 2022	184,401,509	(3,802,871)	180,598,638

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year/Period ended 31 December 2022

	The Group	The Group	The Company
	1.1.2022	1.1.2021	24.2.2022
	to	to	to
	31.12.2022	31.12.2021	31.12.2022
	RM	RM	RM
CASH FLOWS FROM/(FOR)			
OPERATING ACTIVITIES			
Profit/(Loss) before taxation	53,297,929	52,335,736	(3,802,871)
Adjustments for:-			
Depreciation of equipment	4,314,297	4,159,488	—
Depreciation of investment properties	122,124	281,778	—
Depreciation of right-of-use assets	147,206	71,439	—
Equipment written off	88,721	—	—
Impairment losses on receivables	1,529,172	516,163	—
Investment in club membership written off	—	59,000	—
Interest expense for financial liabilities measured at amortised cost	123,843	259,897	—
Interest expense of lease liabilities	7,211	4,624	—
Loss on disposal of investment in an associate	782,259	—	—
Loss on disposal of other investments	—	5,243	—
Covid-19 related rent concessions	—	(10,800)	—
Fair value (gain)/loss on financial instruments mandatorily measured at fair value through profit or loss	(513,186)	20,987	—
Interest income	(1,431,308)	(2,379,137)	—
Gain on disposal of investment properties	(6,915,146)	(4,207,018)	—
Gain on disposal of equipment	(18,186)	(388,594)	—
Share of profit of an associate	(782,259)	(396,976)	—
Operating profit/(loss) before working capital changes	50,752,677	50,331,830	(3,802,871)
Changes in:-			
Contract assets	1,996,661	5,958,223	—
Contract costs	4,378,780	(3,758,187)	—
Receivables and prepayment	(10,293,903)	59,742,009	(553,212)
Payables	(21,749,649)	(18,830,261)	581,918
Cash from/(for) operations	25,084,566	93,443,614	(3,774,165)
Interest paid	(131,054)	(264,521)	—
Tax paid	(8,831,932)	(12,581,601)	—
Net cash from/(for) operating activities	16,121,580	80,597,492	(3,774,165)

The annexed notes form an integral part of these financial statements.



Statements of Cash Flows

(Cont'd)

		The Group	The Company
		1.1.2022	24.2.2022
		to	to
		31.12.2022	31.12.2022
		RM	RM
CASH FLOWS FROM/(FOR)			
INVESTING ACTIVITIES			
Dividend received		4,900,000	–
Interest received		1,431,308	2,379,137
Decrease/(Increase) in term deposits pledged with licensed banks		2,632,290	(789,692)
Purchase of equipment		(8,037,277)	(5,755,882)
Purchase of investment properties		(3,430,511)	(10,585,405)
Purchase of unit trust		(20,000,000)	(45,891,926)
Proceeds from disposal of unit trust		36,682,114	49,823,557
Proceeds from disposal of investment in an associate		2,418,068	–
Proceeds from disposal of equipment		20,000	1,324,875
Proceeds from disposal of investment properties		2,247,544	10,553,501
Decrease in short-term investments		–	1,000,000
Net cash from investing activities		18,863,536	2,058,165
CASH FLOWS (FOR)/FROM			
FINANCING ACTIVITIES			
Advances from a subsidiary		–	–
Drawdown of term loan	26	–	6,000,000
Dividends paid		(31,740,000)	(59,500,000)
Proceeds from issuance of ordinary shares		50	10,000,000
Repayment of lease liabilities	26	(141,109)	(58,736)
Repayment of term loans	26	(7,521,427)	(967,580)
Net cash (for)/from financing activities		(39,402,486)	(44,526,316)
Net (decrease)/increase in cash and cash equivalents		(4,417,370)	38,129,341
Cash and cash equivalents brought forward		44,011,166	5,881,825
Cash and cash equivalents carried forward	14	39,593,796	44,011,166

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year/Period ended 31 December 2022

1. GENERAL INFORMATION

The Company was incorporated in Malaysia as a private limited liability company on 24 February 2022 under the Companies Act 2016.

On 23 May 2022, the Company was converted from a private limited liability company to a public limited liability company and assumed its present name of Kumpulan Kitacon Berhad.

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan and its principal place of business is located at 24, Jalan Rengas, Taman Selatan, 41200 Klang, Selangor Darul Ehsan.

The Company is principally engaged in the business of investment holding. The principal activity of the subsidiary is set out in Note 4 to the financial statements.

The presentation currency of the financial statements is Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 April 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

These are the Company's first set of financial statements since its date of incorporation.

Since the date of incorporation, the Company has adopted all the MFRS that were effective on or before the date of incorporation.

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: *Reference to the Conceptual Framework*

Amendments to MFRS 116: *Property, Plant and Equipment - Proceeds before Intended Use*

Amendments to MFRS 137: *Onerous Contracts - Cost of Fulfilling a Contract*

Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's and the Company's financial statements.



Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (Cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods beginning on or after
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendment to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

2.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to the end of the reporting period.

Subsidiary is an entity controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiary is consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation (Cont'd)

2.2.1 Business Combination within the Scope of MFRS 3: Business Combination

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(a) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill. Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.



Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation (Cont'd)

2.2.1 Business Combination within the Scope of MFRS 3: Business Combination (Cont'd)

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2.2 Business Combination under Common Control

A business combination involving entity under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Subsidiary acquired which has met the criteria for pooling of interest is accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiary are presented as if the merger has taken effect throughout the current and previous financial years.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiary is treated as a merger deficit or merger reverse as applicable. The results of the subsidiary being merged are included for the full financial year.

2.3 Investment in a Subsidiary

Investment in a subsidiary is stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with Note 2.8. The cost of the investment includes transaction costs.

On the disposal of the investment in a subsidiary, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Investment in an Associate

An associate is an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investment in an associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the investment is assessed for any objective evidence of impairment. If any such evidence exists, the carrying amount of the investment is tested for impairment in accordance with Note 2.8.

2.5 Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.8.

Equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:

Furniture, fittings and office equipment	20%
Motor vehicles	20%
Tools and equipment	20%
Renovation	20%
Aluminium formwork	20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.6 Investment Properties

Investment property, being a property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.8. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Investment properties under construction and freehold land are not depreciated. Other investment properties are depreciated on a straight-line basis over the estimated useful lives of the assets using the annual rate of 2%.

2.7 Investment in Club Membership

Investment in club membership is stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.8.



Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of Non-financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than deferred tax assets, contract costs and contract assets, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised. The reversal is recognised in profit or loss.

2.9 Contract Assets and Contract Liabilities

A contract is presented in the statements of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.11. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

2.10 Contract Costs

The incremental costs of obtaining a contract and costs incurred in fulfilling the contract are recognised as an asset if those costs are expected to be recovered. The asset is amortised on a systematic basis that is consistent with the recognition of related revenue as disclosed in Note 2.17. When the carrying amount of the asset exceeds the remaining amount of consideration expected to be received in exchange for the goods or services less the related costs that have not been recognised as expenses, the excess represents an impairment loss and is recognised in profit or loss. As a practical expedient, the incremental costs of obtaining a short-term contract of which the amortisation period is one year or less are recognised as an expense when incurred.

2.11 Financial Assets

Financial assets of the Group and the Company consist of other investments, receivables and cash and cash equivalents.

Initial Recognition and Measurement

A financial asset is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.17). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent Measurement

Financial assets are subsequently measured at amortised cost or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Assets (Cont'd)

Subsequent Measurement (Cont'd)

(i) Amortised Cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

(ii) Fair Value Through Profit or Loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. Other investments are classified under this category. Any gain or loss is recognised in profit or loss.

Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 Financial Instruments. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

2.12 Financial Liabilities

Financial liabilities of the Group and the Company consist of payables.

Initial Recognition and Measurement

A financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus transaction costs.



Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial Liabilities (Cont'd)

Subsequent Measurement

All payables are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2.13 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Initial Recognition and Measurement

When the Group or the Company act as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group and the Company have elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

Subsequent Measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.8.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term as follows:-

Office buildings	2 - 4 years
Leasehold land	remaining 79 years

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Functional and Presentation Currency

The consolidated financial statements of the Group and the Company are presented in Ringgit Malaysia, which is also the Group's and the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

2.15 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.16 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfers.



Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Fair Value Measurement (Cont'd)

Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents and payables which are short-term in nature or repayable on demand are reasonable approximations of fair values.

The fair values of unit trusts are directly measured using their unadjusted closing prices in active market (i.e. Level 1).

2.17 Revenue from Contracts with Customers

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

Construction Contracts

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Accordingly, revenue is recognised over time by reference to the survey of work performed.

2.18 Other Income

Interest income is recognised in profit or loss using the effective interest method.

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term.

Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.19 Employee Benefits****Short-term Employee Benefits**

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

2.20 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 Income Taxes

Income taxes for the year/period comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.22 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

2.23 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of pledged deposits.



Notes to The Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2.25 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of Estimation Uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Construction contracts

The Group considers the effects of variable consideration in determining the transaction price of a performance obligation satisfied over time, and recognises revenue accordingly by measuring the progress towards complete satisfaction of the performance obligation. These procedures involve judgements and estimation uncertainty in predicting the outcome of the performance obligation based on past experience, work of experts and continuous monitoring mechanism. Any changes in these accounting estimates will affect the carrying amount of contract assets as disclosed in Note 13 to the financial statements.

Impairment of contract assets and receivables

The Group and the Company recognise loss allowance for expected credit losses on contract assets and receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of contract assets as disclosed in Note 13 to the financial statements and receivables as disclosed in Note 11 to the financial statements.

Notes to The Financial Statements

(Cont'd)

4. INVESTMENT IN A SUBSIDIARY

	The Company 2022 RM
Unquoted shares, at cost	184,401,459

The details of the subsidiary are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest 2022 %	Principal Activity
Kitacon Sdn Bhd ("KSB")	Malaysia	100	Provision of construction services

On 21 October 2022, the Company completed the acquisition of entire issued share capital of Kitacon Sdn. Bhd., for a purchase consideration of RM184,401,459 fully satisfied by issuance of 423,911,400 new shares of the Company. The acquisition of this subsidiary met the criteria for pooling of interest and is accounted for using merger accounting principles. Under the merger method of accounting, the results of this subsidiary are presented as if the merger has taken effect throughout the current and previous financial years.

5. INVESTMENT IN AN ASSOCIATE

	The Group 2022 RM	2021 RM
Unquoted shares, at cost	–	1,960,000
Share of post-acquisition changes in net assets	–	5,358,068
	–	7,318,068

The details of the associate are as follows:-

Name of Associate	Principal Place of Business/ Country of Incorporation	Effective Ownership Interest 2022 %	Effective Ownership Interest 2021 %	Principal Activity
QL Builder Sdn Bhd (formerly known as Pembinaan KSB Sdn Bhd)	Malaysia	–	49	Provision of construction services

As detailed in Note 34(c) to the financial statements, the Group completed its disposal of its investment in an associate on 14 June 2022.



Notes to The Financial Statements

(Cont'd)

6. EQUIPMENT

The Group	At 1.1.2022 RM	Additions RM	Disposals RM	Written off RM	Depreciation RM	At 31.12.2022 RM
Carrying Amount						
Furniture, fittings and office equipment	345,966	326,383	–	–	(180,615)	491,734
Motor vehicles	1,543,421	705,370	(1,814)	(88,721)	(848,238)	1,310,018
Tools and equipment	1,151,455	154,605	–	–	(459,415)	846,645
Renovation	14,933	–	–	–	(11,029)	3,904
Aluminium formwork	6,524,420	6,850,919	–	–	(2,815,000)	10,560,339
	9,580,195	8,037,277	(1,814)	(88,721)	(4,314,297)	13,212,640
The Group	At 1.1.2021 RM	Additions RM	Disposals RM	Depreciation RM	At 31.12.2021 RM	
Carrying Amount						
Freehold land and buildings	1,595,071	–	(1,595,071)	–	–	
Furniture, fittings and office equipment	388,225	167,511	–	(209,770)	345,966	
Motor vehicles	2,602,503	395,181	(21,210)	(1,433,053)	1,543,421	
Tools and equipment	837,183	754,744	–	(440,472)	1,151,455	
Renovation	25,963	–	–	(11,030)	14,933	
Aluminium formwork	4,151,137	4,438,446	–	(2,065,163)	6,524,420	
	9,600,082	5,755,882	(1,616,281)	(4,159,488)	9,580,195	

Notes to The Financial Statements

(Cont'd)

6. EQUIPMENT (CONT'D)

The Group	At cost RM	Accumulated depreciation RM	Carrying amount RM
At 31.12.2022			
Furniture, fittings and office equipment	1,914,961	(1,423,227)	491,734
Motor vehicles	11,947,290	(10,637,272)	1,310,018
Tools and equipment	2,376,044	(1,529,399)	846,645
Renovation	55,153	(51,249)	3,904
Aluminium formwork	17,176,739	(6,616,400)	10,560,339
	33,470,187	(20,257,547)	13,212,640
At 31.12.2021			
Furniture, fittings and office equipment	1,588,578	(1,242,612)	345,966
Motor vehicles	11,679,295	(10,135,874)	1,543,421
Tools and equipment	2,221,439	(1,069,984)	1,151,455
Renovation	55,153	(40,220)	14,933
Aluminium formwork	10,325,820	(3,801,400)	6,524,420
	25,870,285	(16,290,090)	9,580,195



Notes to The Financial Statements

(Cont'd)

7. INVESTMENT PROPERTIES

The Group	At 1.1.2022 RM	Transfer to Right-Of-Use Assets (Note 8)				At 31.12.2022 RM
		Additions RM	Reclassification RM	Disposals RM	Depreciation RM	
Carrying Amount						
Freehold land and buildings	11,151,950	-	589,162	(11,653,696)	(87,416)	-
Leasehold buildings	-	-	9,891,494	(6,068,702)	(34,708)	3,788,084
Leasehold land	-	-	1,903,560	-	-	-
Capital work-in-progress	9,875,484	3,430,511	(12,384,216)	-	-	921,779
	21,027,434	3,430,511	-	(17,722,398)	(122,124)	4,709,863
The Group	At 1.1.2021 RM	Transfer to Right-Of-Use Assets (Note 8)				At 31.12.2021 RM
		Additions RM	Reclassification RM	Disposals RM	Depreciation RM	
Carrying Amount						
Freehold land	1,914,762	-	-	(1,914,762)	-	-
Freehold land and buildings	35,879,606	706,595	1,509,984	(26,662,457)	(281,778)	11,151,950
Buildings	2,959,264	-	-	(2,959,264)	-	-
Capital work-in-progress	1,506,658	9,878,810	(1,509,984)	-	-	9,875,484
	42,260,290	10,585,405	-	(31,536,483)	(281,778)	21,027,434

Notes to The Financial Statements

(Cont'd)

7. INVESTMENT PROPERTIES (CONT'D)

The Group	At cost RM	Accumulated depreciation RM	Carrying amount RM
At 31.12.2022			
Leasehold buildings	3,807,120	(19,036)	3,788,084
Capital work-in-progress	921,779	–	921,779
	4,728,899	(19,036)	4,709,863
The Group			
At 31.12.2021			
Freehold land and buildings	14,088,894	(2,936,944)	11,151,950
Capital work-in-progress	9,875,484	–	9,875,484
	23,964,378	(2,936,944)	21,027,434
		The Group Estimated fair value at	
		31.12.2022	31.12.2021
		RM	RM
Leasehold buildings		3,788,084	–
Freehold land and buildings		–	17,927,544

The fair values of investment properties of the Group, other than those purchased/capitalised during the financial year, were measured based on appraisals performed by directors using the market comparison approach at nil (2021 - RM17,927,544). The appraised values were derived from observable prices based on a per square foot basis for comparable properties in similar locations (i.e. Level 2). For investment properties capitalised during the financial year, the arm's length costs were reasonable approximation of their fair values amounted to RM3,788,084 (2021 - Nil).

The fair value of building under construction cannot be reliably measured due to the absence of active market for such comparable partially completed building. Management expects the fair value to be reliably measurable when construction of the building is completed.

The investment properties of the Group were leased to customers under operating leases with rentals payable monthly. The leases contain an option that is exercisable by the customers to extend their leases for a period of 1 to 2 years. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

The aggregate lease income and direct operating expenses arising from investment properties of the Group that generated lease income which was recognised during the financial year amounted to RM317,141 and RM208,209 (2021 - RM1,735,940 and RM493,549) respectively.

The direct operating expenses incurred from investment properties of the Group which did not generate lease income during the financial year amounted to RM74,952 (2021 - RM85,792).

8. RIGHT-OF-USE ASSETS

The Group	Transfer from Investment Properties (Note 7)					At 1.1.2022 RM	Addition RM	Modification of lease liabilities RM	Depreciation RM	At 31.12.2022 RM
Carrying Amount										
Office buildings	209,171	82,253	–	–	1,903,560	32,426	(142,399)			181,451
Leasehold land	–	–				–	(4,807)			1,898,753
	209,171	82,253			1,903,560	32,426	(147,206)			2,080,204
	At 1.1.2021 RM					At 31.12.2021 RM	Addition RM	Depreciation RM	At 31.12.2021 RM	
Carrying Amount										
Office buildings	–				280,610	(71,439)				209,171

Notes to The Financial Statements

(Cont'd)

8. RIGHT-OF-USE ASSETS (CONT'D)

The Group	At cost RM	Accumulated depreciation RM	Carrying amount RM
At 31.12.2022			
Office buildings	395,289	(213,838)	181,451
Leasehold land	1,903,560	(4,807)	1,898,753
	2,298,849	(218,645)	2,080,204
At 31.12.2021			
Office buildings	280,610	(71,439)	209,171

The Group leases certain office building as its principal place of business for 1 to 2 years with an option to renew the lease after the expiry date. It also acquired the right to use the leasehold land for 79 years.

The Group reassesses whether is is reasonably certain to exercise the lease options if there is a significant change in circumstances within its control. During the financial year, the financial effect of revising the lease terms on certain office buildings was an increase in recognised lease liabilities and right-of-use assets of RM32,426.

9. OTHER INVESTMENTS

	The Group	
	2022 RM	2021 RM
Unit trust, at fair value	30,894,000	47,062,928

The fair value of unit trust are directly measured using their unadjusted closing prices in active market (i.e. Level 1).



Notes to The Financial Statements

(Cont'd)

10. DEFERRED TAX ASSETS/LIABILITY

	The Group	
	2022 RM	2021 RM
Balance at 1 January	4,126,000	(483,000)
Deferred tax (expense)/income recognised in profit or loss (Note 23)	(993,000)	3,301,000
Deferred tax assets under provided in previous year	–	1,308,000
Deferred tax liability under provided in previous year	(7,000)	–
Balance at 31 December	3,126,000	4,126,000
Disclosed as:		
- Deferred tax assets	4,024,000	4,566,000
- Deferred tax liability	(898,000)	(440,000)
In respect of deductible/(taxable) temporary differences on:		
- Provision of contract cost (material)	395,000	626,000
- Provision of contract cost (labour)	3,049,000	3,816,000
- Provision of liquidated ascertained damages	89,000	–
- Financial instruments	491,000	124,000
- Equipment	(898,000)	(440,000)
	3,126,000	4,126,000

11. RECEIVABLES

	The Group	
	2022 RM	2021 RM
Trade receivables:		
- Associate	–	13,229,027
- Unrelated parties	105,335,074	87,713,092
	105,335,074	100,942,119
- Loss allowances	(2,045,335)	(516,163)
	103,289,739	100,425,956
Other receivables	9,757,173	4,407,085
Total receivables	113,046,912	104,833,041

Notes to The Financial Statements

(Cont'd)

11. RECEIVABLES (CONT'D)**Trade Receivables**

The Group determines credit risk concentrations in terms of counterparties. As at 31 December 2022, there were 3 (2021 - 6) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounting to RM66,831,337 (2021 - RM73,760,115).

Trade receivables are unsecured, non-interest bearing and generally on 30 days term.

The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status (stated at gross) is as follows:-

	The Group	
	2022	2021
	RM	RM
Not past due	53,932,410	52,251,354
1 to 30 days past due	21,750,662	30,484,848
31 to 60 days past due	16,454,292	6,178,647
61 to 90 days past due	5,685,927	3,250,873
More than 90 days past due	7,511,783	8,776,397
	105,335,074	100,942,119

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. The Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their past trends of payments. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

	Not past due RM	1 to 30 days past due RM	31 to 60 days past due RM	61 to 90 days past due RM	More than 90 days past due RM	Credit impaired RM	Total RM
2022							
Gross carrying amount	53,932,410	21,750,662	16,454,292	5,685,927	5,466,448	2,045,335	105,335,074
Average credit loss rate	0%	0%	0%	0%	0%	100%	1.9%
Loss allowance	—	—	—	—	—	2,045,335	2,045,335
2021							
Gross carrying amount	52,251,354	30,484,848	6,178,647	3,250,873	8,260,234	516,163	100,942,119
Average credit loss rate	0%	0%	0%	0%	0%	100%	0.5%
Loss allowance	—	—	—	—	—	516,163	516,163



Notes to The Financial Statements

(Cont'd)

11. RECEIVABLES (CONT'D)

Trade Receivables (Cont'd)

The Group measures the loss allowances for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. The changes in the loss allowances are as follows:-

	The Group	
	2022 RM	2021 RM
Balance at 1 January	516,163	–
Impairment losses	1,529,172	516,163
Balance at 31 December	2,045,335	516,163

The above loss allowance is in respect of individually assessed credit-impaired trade receivables. Based on low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on trade receivables that are not credit-impaired are not considered to be material and hence, have not been recognised.

Other Receivables

Other receivables are unsecured and non-interest bearing. The amount owing by unrelated parties mainly consists of advances and refundable deposits which have no fixed repayment terms.

12. CONTRACT COSTS

	The Group	
	2022 RM	2021 RM
Costs in fulfilling contracts	717,080	5,095,860

13. CONTRACT ASSETS

	The Group	
	2022 RM	2021 RM
Contract Assets		
Construction contracts	163,675,791	165,672,452

Contract Assets from Construction Contracts

	The Group	
	2022 RM	2021 RM
Balance at 1 January	165,672,452	171,630,675
Revenue recognised during the financial year	487,761,146	455,502,208
Progress billings during the financial year	(489,757,807)	(461,460,431)
Balance at 31 December	163,675,791	165,672,452

Notes to The Financial Statements

(Cont'd)

13. CONTRACT ASSETS (CONT'D)

Included in contract assets are retention sums for contract work totalling RM84,646,657 (2021 - RM78,358,013).

As disclosed in Note 2.17, the Group generally satisfies its performance obligations over time during the construction period. Any excess of revenue recognised over progress billings is presented as contract asset, whereas any deficit is presented as contract liability.

The Group measures the loss allowance for contract assets at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on contract assets are not considered to be material and hence, have not been recognised.

Remaining Performance Obligations

As at 31 December 2022, the aggregate transaction price allocated to the remaining performance obligations amounted to approximately RM821,008,129 (2021 - RM520,408,283) and the Group expects to recognise this revenue when the projects are completed over the next 1 to 2 (2021 - 1 to 2) years.

14. CASH AND CASH EQUIVALENTS

	The Group	The Group	The Company
	2022	2021	2022
	RM	RM	RM
Cash and bank balances	39,593,796	44,011,166	3,050
Term deposits with licensed banks (fixed rate)	36,273,727	38,906,017	–
	75,867,523	82,917,183	3,050

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

The term deposits of the Group totalling RM36,273,727 (2021 - RM38,906,017) have been pledged as security for credit facilities granted to the Group. Accordingly, these term deposits are not freely available for use.

The effective interest rates of term deposits as at 31 December 2022 ranged from 1.3% to 1.85% (2021 - 1.3% to 1.75%) per annum.

For the purpose of statements of cash flows, cash and cash equivalents are presented net of pledged deposits as follows:-

	The Group	The Group	The Company
	2022	2021	2022
	RM	RM	RM
Cash and cash equivalents	75,867,523	82,917,183	3,050
Term deposits pledged as security	(36,273,727)	(38,906,017)	–
	39,593,796	44,011,166	3,050



Notes to The Financial Statements

(Cont'd)

15. SHARE CAPITAL

	The Group		
	2022	2021	2022
	No. of Ordinary Shares		RM
<u>Issued and Fully Paid:-</u>			
Balance at 1 January	—	—	—
Issuance of shares	423,911,500	—	184,401,509
Balance at 31 December	423,911,500	—	184,401,509

	The Company	
	2022	
	No. of Ordinary Shares	RM
<u>Issued and Fully Paid:-</u>		
At date of incorporation	100	50
Issuance of shares	423,911,400	184,401,459
Balance at 31 December	423,911,500	184,401,509

- (a) On 21 October 2022, the Company increased its issued and paid-up share capital from RM50 to RM184,401,509 by way of an issuance of 423,911,400 new ordinary shares for a total consideration of RM184,401,459 as full payment for the acquisition of KSB. The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.
- (b) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

16. INVESTED EQUITY

	The Group	
	2022	2021
	RM	RM
Invested equity	—	30,000,000

Invested equity solely comprised the share capital of KSB. The amount has been reversed against the merger reserve as disclosed in Note 34(e).

Notes to The Financial Statements

(Cont'd)

17. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of shares of the subsidiary upon consolidation under the merger accounting principles.

18. LEASE LIABILITIES

	The Group	
	2022	2021
	RM	RM
Gross lease liabilities:		
- Within 1 year	91,800	129,600
- Later than 1 year and not later than 5 years	99,180	88,560
Total contractual undiscounted cash flows	190,980	218,160
Future interest charges	(6,336)	(7,086)
Present value of lease liabilities	184,644	211,074
Disclosed as:		
- Current liabilities	88,113	124,554
- Non-current liabilities	96,531	86,520
	184,644	211,074

The incremental borrowing rate applied to lease liabilities of the Group as at 31 December 2022 was 3.27% (2021 - 3.27%) per annum.

19. PAYABLES

	The Group		The Company
	2022	2021	2022
	RM	RM	RM
Trade payables	168,586,323	187,187,542	—
Provision of contract cost (material)	1,644,281	2,608,438	—
Provision of contract cost (labour)	12,704,688	15,902,441	—
Other payables	9,825,834	8,812,354	4,359,083
Dividend payables	—	44,130,000	—
	192,761,126	258,640,775	4,359,083

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.



Notes to The Financial Statements

(Cont'd)

19. PAYABLES (CONT'D)

Trade Payables

Included in trade payables of the Group are retention sums for contract work totalling RM13,033,704 (2021 - RM9,038,375).

Included in trade payables of the Group is an amount of RM69,859,309 (2021 - RM85,019,695) representing accrued contract costs.

Trade payables are unsecured, non-interest bearing and generally on 30 to 120 days terms.

Provision of contract cost for material and labour of the Group are in respect of estimated cost to be incurred during the defect liability period for completed projects.

Movement of provision is as follows:

The Group	Contract Cost (Material)		Contract Cost (Labour)	
	2022 RM	2021 RM	2022 RM	2021 RM
Balance at 1 January	2,608,438	1,021,903	15,902,441	4,435,476
Provision made during the financial year	894,845	2,220,400	2,314,100	13,347,100
Provision used during the financial year	(1,747,734)	(581,926)	(5,406,753)	(1,786,293)
Provision reversed during the financial year	(111,268)	(51,939)	(105,100)	(93,842)
Balance at 31 December	1,644,281	2,608,438	12,704,688	15,902,441

Other Payables

Other payables are unsecured and non-interest bearing which mainly consist of sundry payables and accruals for operating expenses which are generally due within 30 to 90 days.

Included in other payables of the Company is the amount owing to its subsidiary of RM3,777,165 which is unsecured, interest-free advance and repayable on demand. The amount is to be settled in cash.

20. REVENUE

	The Group	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM
Revenue from contracts with customers:		
- Construction contracts	487,761,146	455,502,208
Timing of revenue recognition:		
- Over-time	487,761,146	455,502,208

Information about disaggregation of revenue have not been disclosed as the Group generates revenue principally from construction of residential, industrial and commercial properties within Malaysia.

Notes to The Financial Statements

(Cont'd)

21. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):-

	The Group	The Company
	1.1.2022	1.1.2021
	to	to
	31.12.2022	31.12.2021
	31.12.2022	31.12.2021
Auditors' remuneration		
- audit fees	120,000	50,000
- non-audit fees	421,000	–
Depreciation of equipment	4,314,297	4,159,488
Depreciation of investment properties	122,124	281,778
Depreciation of right-of-use assets	147,206	71,439
Employee benefits expense (Note 22)	31,712,023	29,334,523
Equipment written off	88,721	–
Interest expense for financial liabilities		
measured at amortised cost	123,843	259,897
Interest expense of lease liabilities	7,211	4,624
Net impairment losses on financial asset:		
- impairment losses on receivables	1,529,172	516,163
Investment in club membership written off	–	59,000
Loss on disposal of investment in		
an associate	782,259	–
Loss on disposal of other investments	–	5,243
Lease expense	154,189	130,559
Covid-19 related-rent concession	–	(10,800)
Fair value (gain)/loss on financial		
instruments mandatorily measured		
at fair value through profit or loss	(513,186)	20,987
Gain on disposal of investment properties	(6,915,146)	(4,207,018)
Gain on disposal of equipment	(18,186)	(388,594)
Interest income for financial amortised cost	(1,256,819)	(1,158,083)
Interest income for financial assets measured		
at fair value through profit or loss	(174,489)	(1,221,054)
Operating lease income from investment		
properties	(317,141)	(1,735,940)



Notes to The Financial Statements

(Cont'd)

22. EMPLOYEE BENEFITS EXPENSE

	The Group	The Company
	1.1.2022	24.2.2022
	to	to
	31.12.2022	31.12.2022
	RM	RM
Directors:		
- Fee	496,000	196,000
- Other short-term employee benefits	8,061,346	20,000
- Defined contribution plans	964,680	–
	9,522,026	216,000
Other employees:		
- Short-term employee benefits	19,844,838	–
- Defined contribution plans	2,381,739	–
- Government grants under Wage Subsidy Programme	(36,580)	–
	22,189,997	–
	31,712,023	216,000

The estimated monetary value of benefits received or receivable by the directors otherwise than in cash from the Group amounted to approximately RM64,800 (2021 - RM17,400).

23. INCOME TAX EXPENSE

	The Group	The Company
	1.1.2022	24.2.2022
	to	to
	31.12.2022	31.12.2022
	RM	RM
Tax based on results for the year:		
- Current tax	11,474,384	–
- Deferred tax	993,000	–
	12,467,384	–
Tax under/(over) provided in prior years:		
- Current tax	47,447	–
- Deferred tax	7,000	–
	54,447	–
Real Property Gains Tax	470,400	–
Income tax expense	12,992,231	–

Notes to The Financial Statements

(Cont'd)

23. INCOME TAX EXPENSE (CONT'D)

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the financial year/period is as follows:-

	The Group 1.1.2022 to 31.12.2022 RM	The Group 1.1.2021 to 31.12.2021 RM	The Company 24.2.2022 to 31.12.2022 RM
Profit/(Loss) before taxation	53,297,929	52,335,736	(3,802,871)
Tax at the applicable tax rate of 24%	12,791,503	12,560,576	(912,689)
Non-deductible expenses	1,688,505	451,904	912,689
Non-taxable income	(1,824,882)	(1,491,206)	—
Share of profit of an associate	(187,742)	(95,274)	—
Real Property Gains Tax	470,400	581,600	—
Tax under/(over) provided in prior years:			
- Current tax	47,447	(196,676)	—
- Deferred tax	7,000	(1,308,000)	—
Income tax expense	12,992,231	10,502,924	—

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year/period.

24. EARNINGS PER SHARE

	The Group 1.1.2022 to 31.12.2022 RM	The Group 1.1.2021 to 31.12.2021 RM
Profit for the financial year	40,305,698	41,832,812
	2022 Units	2021 Units
Weighted average number of ordinary shares in issue:-		
Issuance of shares	423,911,500	423,911,500 *
Basic earnings per ordinary share (sen)	9.51	9.87

* In the calculation of earnings per share for the financial year ended 31 December 2021, it is assumed 423,911,500 ordinary shares were in issue as the acquisition of subsidiary was accounted for under the merger method of accounting.

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the respective financial year.



Notes to The Financial Statements

(Cont'd)

25. DIVIDENDS

	The Group	
	1.1.2022 to 31.12.2022 ⁽¹⁾ RM	1.1.2021 to 31.12.2021 ⁽¹⁾ RM
In respect of the financial year ended 31 December 2021:		
- First interim single tier dividend of 35 sen per ordinary share	–	7,000,000
- Second interim single tier dividend of 20 sen per ordinary share	–	4,000,000
- Third interim single tier dividend of approximately 22.5 sen per ordinary share	–	4,500,000
- Fourth interim single tier dividend of RM2 per ordinary share	–	40,000,000
- Fifth interim single tier dividend of RM4 for every 30 ordinary shares	–	4,000,000
- Sixth interim single tier dividend of RM7 for every 6 ordinary shares	–	35,000,000
- Seventh interim single tier dividend of RM7 for every 6 ordinary shares	–	35,000,000
In respect of the financial year ended 31 December 2022:		
- An interim single tier dividend of RM1 for every 3 ordinary shares	10,000,000	–
	10,000,000	129,500,000

⁽¹⁾ The dividends were declared to shareholders of KSB prior to the restructuring exercise.

The Directors do not propose any final dividend in respect of the current financial period.

26. NOTES TO STATEMENTS OF CASH FLOWS

	The Group	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM
Term Loans		
Balance at 1 January	7,521,427	2,489,007
Drawdowns	–	6,000,000
Repayments	(7,521,427)	(967,580)
Balance at 31 December	–	7,521,427
Lease Liabilities		
Balance at 1 January	211,074	–
Additions	82,253	280,610
Covid-19 related rent concessions	–	(10,800)
Modification of lease liabilities	32,426	–
Repayments	(141,109)	(58,736)
Balance at 31 December	184,644	211,074

Notes to The Financial Statements

(Cont'd)

26. NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

The total cash outflow for leases is as follows:

	The Group	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM
Operating activities		
Interest portion of lease liabilities (Note 21)	7,211	4,624
Lease expense recognised in profit or loss (Note 21)	154,189	130,559
	161,400	135,183
Financing activities		
Principal portion of lease liabilities	141,109	58,736
	302,509	193,919

27. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year other than those disclosed elsewhere in the financial statements are as follows:-

	The Group	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM
Dividend received from an associate	4,900,000	—
Disposal of an investment property to a director	—	929,480
Disposal of properties to related parties ^{(a)(b)}	—	1,958,175
Disposal of investment properties to related parties ^{(a)(b)}	24,637,544	31,962,206
Rental charged by related parties ^(a)	—	630,000
Progress billings raised on contract services provided to related parties ^(a)	27,954,055	8,120,394
Progress billings raised on contract services provided to an associate	19,070,777	33,741,895

^(a) Being companies in which certain directors of the Company have substantial financial interests.^(b) The sale proceeds from these disposal of investment properties amounting to RM22,390,000 were being set-off against dividend declared in the previous financial year.



Notes to The Financial Statements

(Cont'd)

28. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

Business Segment and Geographical Information

Information about operating segment has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely provision of construction services.

Information about geographical areas has not been reported separately as the Group is primarily involved in business operations in Malaysia.

Major Customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	Revenue	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM
Customer A	144,773,918	104,709,043
Customer B	71,252,312	86,540,120
Customer C	54,865,428	51,869,433

29. CONTRACTUAL COMMITMENT

	The Group	
	2022 RM	2021 RM
Purchase of investment properties	518,444	3,884,779

30. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2022 RM	2021 RM
Performance and tender bonds granted to contract customers	82,613,007	67,614,562

As at reporting date, no values are ascribed on these guarantees provided by the Group for the purpose described above as the directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

Notes to The Financial Statements

(Cont'd)

31. FINANCIAL RISK MANAGEMENT

The activities of the Group are exposed to certain financial risks, including credit risk, liquidity risk, and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous the financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and term deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statements of financial position.

As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is minimal. The Group manages its credit risk exposure of receivables by assessing counterparties financial standings on an on-going basis, setting and monitoring counterparties limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 11.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and lease liabilities.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:-

	The Group	
	2022	2021
	RM	RM
Fixed rate instruments		
Financial assets	36,273,727	38,906,017
Financial liabilities	184,644	211,074
Floating rate instruments		
Financial liabilities	—	7,521,427

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any changes in interest rates at the end of the reporting period would not affect its profit or loss (and equity).

The Group does not have any floating rate borrowings and hence, no sensitivity analysis is presented.



Notes to The Financial Statements

(Cont'd)

32. CAPITAL RISK MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to shareholders and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:-

	The Group	
	2022 RM	2021 RM
Term loans	–	7,521,427
Lease liabilities	184,644	211,074
Total interest-bearing debts	184,644	7,732,501
Total equity	214,707,224	184,401,476
Total capital	214,891,868	192,133,977
Debt-to-equity ratio	0.0009	0.0419

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

33. FINANCIAL INSTRUMENTS

33.1 Classification of Financial Instruments

	The Group		The Company
	2022 RM	2021 RM	2022 RM
Financial Assets			
<u>Amortised Cost</u>			
Receivables	113,046,912	104,833,041	–
Cash and cash equivalents	75,867,523	82,917,183	3,050
	188,914,435	187,750,224	3,050
<u>Fair Value Through Profit or Loss</u>			
Other investments	30,894,000	47,062,928	–
Financial Liabilities			
<u>Amortised Cost</u>			
Payables	178,412,157	240,129,896	4,359,083
Term loans	–	7,521,427	–
	178,412,157	247,651,323	4,359,083

Notes to The Financial Statements

(Cont'd)

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 Fair Value Information

The methods used in determining the fair values of financial instruments recognised on the statements of financial position are disclosed in their respective notes to the financial statements.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR/PERIOD

During the financial year/period:

- (a) The Group disposed of an investment property to a related party for a cash consideration of RM2,247,544.
- (b) On 18 March 2022, QL Builder Sdn Bhd (formerly known as Pembinaan KSB Sdn Bhd) declared an interim dividend of RM2.50 per ordinary share amounting to RM10,000,000 in respect of the financial year ended 31 December 2022.
- (c) The disposal of the Group's 49% equity interest in QL Builder Sdn Bhd (formerly known as Pembinaan KSB Sdn Bhd) comprising of 1,960,000 ordinary shares to a third party for a cash consideration of RM2,418,068 was completed on 14 June 2022. The consideration agreed between the parties was based on the results and equity of QL Builder Sdn Bhd up to and as at 31 December 2021.
- (d) The Group disposed of 7 investment properties to related parties for a total consideration of RM22,390,000 by a way of settlement with the dividend declared in previous financial year by KSB.
- (e) On 11 May 2022, the Company entered into a Conditional Share Sale Agreement with the existing shareholders of KSB for the acquisition of the entire equity interest in KSB comprising 30,000,000 ordinary shares for a purchase consideration of RM184,401,459 which will be satisfied by way of the issuance of 423,911,400 new ordinary shares in the Company at an issue price of RM0.435 each to the existing shareholders of KSB. The acquisition of KSB was completed on 21 October 2022.

For the purpose of accounting for the restructuring exercise, the Group has applied book value accounting on the basis that the restructuring exercise does not constitute a business combination to which acquisition accounting can be applied. Under book value accounting, the difference between cost of investment recorded by the Company and the share capital of KSB is accounted for as merger deficit.

- (f) On 28 December 2022, the Company launched its Prospectus and undertook initial public offering of 138,588,500 shares, comprising public issue of 76,088,500 new shares and offer for sale of 62,500,000 existing shares at RM0.68 per share in the following manner:
 - (i) 10,000,000 shares to the Malaysian Public;
 - (ii) 8,588,500 shares to the eligible directors and employees as well as persons who have contributed to the success of the Group;
 - (iii) 57,500,000 shares by way of private placement to institutional and selected investors; and
 - (iv) 62,500,000 shares by way of private placement to bumiputera investors approved by the Ministry of International Trade and Industry.

35. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM236,141,689 comprising 500,000,000 ordinary shares in the Company at an issue price of RM0.68 each on the Main Market of Bursa Malaysia Securities Berhad was completed on 17 January 2023.

36. COMPARATIVE FIGURES

These are the first set of the Company's financial statements since its date of incorporation. Hence, no comparative figures are presented.



LIST OF PROPERTIES

As At 31 December 2022

No.	Location	Description/ Existing use/ Intended use	Tenure/ Expiry of Lease	Approximately Age of Building	Land area/ Built-up area (sq feet)	Date of acquisition/ Date of CCC	Net carrying amount (RM'000)
1	13, Jalan Eco Perindustrian 1/5D, Eco Perindustrian 5, 42300 Bandar Puncak Alam, Selangor Title details HS(D) 299928, PT 45051, Mukim Ijok, District of Kuala Selangor, State of Selangor	<u>Description</u> Double-storey semi-detached factory <u>Existing use</u> Investment purpose	Leasehold expiring on 13 January 2101	Less than 1 year	<u>Land area</u> 10,872 <u>Gross built-up area</u> 4,936	<u>Date of acquisition</u> 30 November 2020 <u>Date of CCC</u> 7 September 2022	2,843
2	15, Jalan Eco Perindustrian 1/5D, Eco Perindustrian 5, 42300 Bandar Puncak Alam, Selangor Title details HS(D) 299927, PT 45050, Mukim Ijok, District of Kuala Selangor, State of Selangor	<u>Description</u> Double-storey semi-detached factory <u>Existing and intended use</u> Investment purpose	Leasehold expiring on 13 January 2101	Less than 1 year	<u>Land area</u> 10,872 <u>Gross built-up area</u> 4,936	<u>Date of acquisition</u> 30 November 2020 <u>Date of CCC</u> 7 September 2022	2,843
3	43, Jalan Elmina Ilham 3, Elmina East, 40160 Shah Alam, Selangor Master title details Geran 340956, Lot 94355, Mukim Sungai Buloh, District of Petaling, State of Selangor	<u>Description</u> Double-storey terrace house <u>Existing use</u> Under construction <u>Intended use</u> Investment purpose	Freehold	Not applicable	<u>Land area</u> 1,206 <u>Gross built-up area</u> 1,601	<u>Date of acquisition</u> 13 March 2020 <u>Date of CCC</u> N/A	465
4	5, Jalan Dahlia 2, Dahlia Taman Sari, 48000 Rawang, Selangor Master title details HS(D) 89285, PT 49643 Mukim Rawang District of Gombak State of Selangor	<u>Description</u> 2-storey terrace house <u>Existing use</u> Under construction <u>Intended use</u> Investment purpose	Freehold	Not applicable	<u>Land area</u> 1,302 <u>Gross built-up area</u> 1,570	<u>Date of acquisition</u> 21 May 2021 <u>Date of CCC</u> N/A	458

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2023

Issued Share capital : 500,000,000
 Class of shares : Ordinary shares
 Voting Rights : One vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
1 - 99	3	0.15	69	0.00
100 - 1,000	288	14.01	165,801	0.03
1,001 - 10,000	1,049	51.05	5,979,400	1.20
10,001 - 100,000	581	28.27	19,434,200	3.89
100,001 - 24,999,999 (*)	131	6.37	113,009,030	22.60
25,000,000 and above (**)	3	0.15	361,411,500	72.28
TOTAL	2,055	100.00	500,000,000	100.00

Notes:

* - Less than 5% of Issued Holdings

** - 5% and above of Issued Holdings

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders' Shareholdings)

Name of Substantial Shareholder	Direct	No. of Ordinary Shares Held %	Indirect	%
Suan Neo Capital Sdn Bhd (fka Kiharta Resources Sdn Bhd) ("Suan Neo Capital")	175,000,000	35.00	—	—
Teow Choo Hing	144,564,600	28.91	—	—
Tan Ah Kee	41,846,900	8.37	175,000,000 [#]	35.00

[#] Deemed interested by virtue of his shareholding in Suan Neo Capital pursuant to Section 8 of the Companies Act, 2016.

STATEMENT OF DIRECTORS' SHAREHOLDINGS

(Based on the Register of Directors' Shareholdings)

Name of Directors	Direct Interest	No. of Ordinary Shares Held %	Indirect Interest	%
Datuk Dr. Siti Hamisah Binti Tapsir	100,000	0.02	—	—
Tan Ah Kee	41,846,900	8.37	175,000,000 [#]	35.00
Teow Choo Hing	144,564,600	28.91	—	—
Gam Boon Tin	1,000,000	0.20	—	—
Goh Yin Huat	400,000	0.08	—	—
Low Chin Ann @ Han Chin Ann	75,000	0.01	15,000 ^{##}	0.003
Chang Sua Yean	50,000	0.01	—	—
Nooriah Binti Hassan	50,000	0.01	—	—

[#] Deemed interested by virtue of his shareholding in Suan Neo Capital pursuant to Section 8 of the Companies Act, 2016.^{##} Deemed interested by virtue of his son, Mr. Low Jia How.



Analysis of Shareholdings

(Cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS AS AT 31 MARCH 2023

No.	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	SUAN NEO CAPITAL SDN BHD (FKA KIHARTA RESOURCES SDN BHD)	175,000,000	35.00
2.	TEOW CHOO HING	144,564,600	28.91
3.	TAN AH KEE	41,846,900	8.37
4.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TANG VEE MUN (DATUK) (MY4553))	14,706,000	2.94
5.	DELLOYD VENTURES SDN. BHD.	14,392,000	2.88
6.	LIM PENG HONG	14,264,200	2.85
7.	HSBC NOMINEES (TEMPATAN) SDN BHD (HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT-HW SHARIAH FLEXI FUND)	6,100,000	1.22
8.	POOI CHEE LEONG	3,677,000	0.74
9.	CHUNG GEOK SIEW	3,577,000	0.72
10.	TEE BOON KEE	3,477,000	0.70
11.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR ONG KING SENG)	3,066,000	0.61
12.	NUR SYAHIDA BT MOHD SHAFEI	2,500,000	0.50
13.	UOBM NOMINEES (TEMPATAN) SDN BHD (UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN AGGRESSIVE FUND)	2,500,000	0.50
14.	UOBM NOMINEES (TEMPATAN) SDN BHD (UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN STRATEGIC FUND)	2,500,000	0.50
15.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD (DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED MALAYSIA FUND)	2,000,000	0.40
16.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR LING HEE KEAT)	1,103,000	0.22
17.	TEE BOON KEAT	1,100,000	0.22
18.	FARHANAH BINTI JAAFAR	1,000,000	0.20
19.	FARIZ BIN JAAFAR	1,000,000	0.20
20.	GAM BOON TIN	1,000,000	0.20
21.	YEAP KHOO SOON EDWIN	901,000	0.18
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (URUSHARTA JAMAAH SDN BHD (AHAM AM 2))	873,700	0.17
23.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD (EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT))	805,000	0.16
24.	GOH CHIN CHENG	736,000	0.15
25.	KENANGA NOMINEES (TEMPATAN) SDN BHD (RAKUTEN TRADE SDN BHD FOR CHUA HONG SENG)	736,000	0.15
26.	LEE LI CHOO	736,000	0.15
27.	LEE SWEE	736,000	0.15
28.	MOHAMAD NAGEEB BIN AHMAD ABDUL WAHAB	736,000	0.15
29.	NOR SHAMSI AH BINTI ABDUL LATIFF	736,000	0.15
30.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (CURTIS PHUA TI TSEN)	650,000	0.13
TOTAL		447,019,400	89.42

NOTICE OF FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the First Annual General Meeting (“1st AGM”) of Kumpulan Kitacón Berhad (“Kitacón” or “the Company”) will be held at Ballroom C, DoubleTree by Hilton Shah Alam i-City, Finance Avenue, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 20 June 2023 at 11.00.a.m. or any adjournment thereof, for the following purposes:

AS ORDINARY BUSINESS

- | | | |
|-----|---|---|
| 1. | To receive the Audited Financial Statements for the financial period ended 31 December 2022 together with the Directors’ and Auditors’ Reports thereon. | <i>(Please refer to Explanatory Note 1 to the Agenda)</i> |
| 2. | To re-elect the following Directors who are retiring by rotation pursuant to Clause 98 of the Company’s Constitution: | |
| 2.1 | Datuk Dr. Siti Hamisah Binti Tapsir | Ordinary Resolution 1 |
| 2.2 | Tan Ah Kee | Ordinary Resolution 2 |
| 2.3 | Teow Choo Hing | Ordinary Resolution 3 |
| 2.4 | Gam Boon Tin | Ordinary Resolution 4 |
| 2.5 | Goh Yin Huat | Ordinary Resolution 5 |
| 2.6 | Low Chin Ann @ Han Chin Ann | Ordinary Resolution 6 |
| 2.7 | Chang Sua Yean | Ordinary Resolution 7 |
| 2.8 | Nooriah Binti Hassan | Ordinary Resolution 8 |
| 3. | To approve the payment of Directors’ fees of RM496,000 to the Independent Non-Executive Directors and the Non-Independent Non-Executive Director for the financial period ended 31 December 2022. | Ordinary Resolution 9 |
| 4. | To approve the payment of Directors’ fees of RM696,000 to the Independent Non-Executive Directors and the Non-Independent Non-Executive Director for the financial year ending 31 December 2023. | Ordinary Resolution 10 |
| 5. | To approve the payment of Directors’ benefits (other than Directors’ fees) up to an amount of RM20,000 for the period from 24 February 2022 up to 31 December 2022 of the Company. | Ordinary Resolution 11 |
| 6. | To approve the payment of Directors’ benefits (other than Directors’ fees) up to an amount RM110,000 for the period from 1 January 2023 until the next AGM to be held in 2024. | Ordinary Resolution 12 |
| 7. | To re-appoint Crowe Malaysia PLT as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 13 |

AS SPECIAL BUSINESS

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

- | | | |
|----|--|-------------------------------|
| 8. | AUTHORITY UNDER SECTION 75 AND 76 OF THE COMPANIES ACT 2016 (“THE ACT”) FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES | Ordinary Resolution 14 |
|----|--|-------------------------------|

“THAT pursuant to Section 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.



Notice of First Annual General Meeting (Cont'd)

THAT in connection with the above, pursuant to Section 85 of the Act and Clause 10(4) of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

9. **PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE**

Ordinary Resolution 15

“**THAT** approval be and is hereby given to the Company and its subsidiary (“the Group”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the specified classes of related parties as specified in Section 2.5 of the Circular to Shareholders dated 28 April 2023, provided that:

- (a) Such arrangements and/or transactions are necessary for the Group's day-to-day operations;
- (b) Such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normally commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) Such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) The disclosure is made in the Annual Report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
 - (i) The related transacting parties and their respective relationship with the Company; and
 - (ii) The nature of the recurrent transactions.

AND THAT such authority shall continue to be in force until:-

- a) The conclusion of the next AGM of the Company, unless the authority is renewed by a resolution passed at the next AGM; or
- b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest.

Notice of First Annual General Meeting

(Cont'd)

AND THAT all Recurrent Related Party Transactions entered into by the Related Parties, from 17 January 2023, being the date of listing of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), up to the date of this Ordinary Resolution, particulars which are set out in Section 2.5 of the Circular to Shareholders dated 28 April 2023 be and are hereby approved, confirmed and ratified.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as they may consider necessary or expedite to give effect to transactions contemplated and/or authorised by this Ordinary Resolution."

10. **PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

Ordinary Resolution 16

"**THAT** subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilized an amount not exceeding the audited retained profits as at 31 December 2022 to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-Back Authority") as may be determined by Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- I. The conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- II. The expiration of the period within which the next AGM of the Company is required by law to be held; or
- III. Revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the Listing Requirements and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority."

11. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Act.



Notice of First Annual General Meeting (Cont'd)

BY ORDER OF THE BOARD

NG HAO ERN (MAICSA 7072518)
(SSM PC No. 201908003771)
TAI YIT CHAN (MAICSA 7009143)
(SSM PC No. 202008001023)
CHEN BEE LING (MAICSA 7046517)
(SSM PC No. 202008001623)
 Joint Company Secretaries

Selangor Darul Ehsan
 28 April 2023

NOTES:

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company but must be of full age of eighteen (18) years and above. There shall be no restriction as to the qualification of the proxy.
- 2) A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 3) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories Act), 1991, it may appoint not more than (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 4) The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or if the Member is a corporation, shall be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- 5) The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. The instrument appointing a proxy shall be deemed to confer authority on the appointed proxy to demand or join in demanding a poll.
- 6) The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited with the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- 7) In respect of deposited securities, only members whose names appear on the Record of Depositors as at 14 June 2023 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Notice of First Annual General Meeting (Cont'd)

Explanatory Notes to the Agenda/Special Business

1) Item 1 of the Agenda

Audited Financial Statements for the financial period ended 31 December 2022

This Item of the Agenda is meant for discussion only and does not require formal approval of the Shareholders, as the provision of Section 340(1)(a) of the Act only requires the Directors to table the Audited Financial Statements at its AGM. Hence, this item of the Agenda is not put forward for voting.

2) Item 2 of the Agenda - Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7 & 8

Pursuant to Clause 98 of the Company's Constitution, Datuk Dr. Siti Hamisah Binti Tapsir, Tan Ah Kee, Teow Choo Hing, Gam Boon Tin, Goh Yin Huat, Low Chin Ann @ Han Chin Ann, Chang Sua Yean and Nooriah Binti Hassan are standing for re-election at the 1st AGM and being eligible, have offered themselves for re-election as Directors of the Company.

The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors are concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence, and time commitment to effectively discharged the roles as Directors.

The Profile of the Board of Directors standing for re-election are provided on pages 4 to 11 in the Annual Report 2022.

3) Item 3 of the Agenda – Ordinary Resolutions 9 and 10

The Proposed Ordinary Resolutions 9 and 10 are to facilitate the payment of Directors' Fees for the period from 24 February 2022 up to 31 December 2022 and from 1 January 2023 up to 31 December 2023 respectively.

Pursuant to Section 230(1) of the Act, the Company shall at every AGM approve the fees of the Directors of the Company and its subsidiary. The Directors' fees payable to the Directors have been reviewed by the Remuneration Committee and the Board of Directors of the Company.

4) Item 4 of the Agenda – Ordinary Resolutions 11 and 12

In compliance with Section 230(1) of the Act, the Company is seeking shareholders' approval for payment of Directors' benefits (other than Directors' fees) to the Non-Executive Directors:

- 1) Up to an amount of RM20,000.00 for the period from 24 February 2022 up to 31 December 2022,
- 2) Up to an amount of RM20,000.00 for the period from 1 January 2023 up to the 1st AGM, 20 June 2023; and
- 3) Up to an amount of RM40,000.00 from 21 June 2023 up to the conclusion of the next AGM to be held in 2024.

The aforesaid Directors' benefits are for payment of meeting attendance allowance per meeting, which is computed based on the estimated number of scheduled meetings and/or unscheduled meetings (where necessary) for Board and Board Committees meetings and general meetings, assuming full attendance by all the Non-Executive Directors and all of them will remain in office until the next AGM and the Directors' and Officers' Liability Insurance fee of approximately RM50,000 for two (2) years.

In the event that the payment of Directors' benefits payable during the above period exceeded the estimated amount sought at the 1st AGM, shareholders' approval will be sought at the next AGM.



Notice of First Annual General Meeting (Cont'd)

5) Item 5 of the Agenda – Ordinary Resolution 13

The Audit and Risk Management Committee (“ARMC”) had at the meeting held on 26 April 2023 assessed the suitability, objectivity and independence of the External Auditors of the Company, Messrs. Crowe Malaysia PLT for the financial year ending 31 December 2023 and recommended the reappointment Messrs. Crowe Malaysia PLT. The Board had in turn reviewed the recommendation of the ARMC and recommended the same be tabled to the shareholders for approval of the forthcoming AGM of the Company.

6) Item 6 of the Agenda - Ordinary Resolution 14

The Ordinary Resolution 14 is to obtain a general mandate for issuance of shares by the Company under Section 75 and 76 of the Act.

The Ordinary Resolution 14, if passed, serves as a measure to meet the Company's immediate working capital needs in the short term without relying on conventional debt financing (which will result in higher finance costs to be incurred) for the purpose of funding investment project(s), working capital and/ or acquisition(s). This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 10(4) of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors since the listing date of the Company, 17 January 2023. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

7) Item 7 of the Agenda – Ordinary Resolution 15

The proposed Ordinary Resolution 15, if passed, will ratify all the RRPTs entered into by the Group from 17 January 2023, being the date of listing of the Company on the Main Market of Bursa Securities, up to the date of the 2nd AGM and will allow the Company and its subsidiary to enter into new RRPTs in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs occur. This would reduce substantial administrative time, inconvenience and resources associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

Please refer to the Circular to Shareholders dated 28 April 2023 for further information.

8) Item 8 of the Agenda – Ordinary Resolution 16

The proposed Ordinary Resolution 16, if passed, will empower the Company to purchase its own shares of up to 10% of the total number of issued shares (excluding treasury shares) of the Company at any point in time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. The authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM.

Please refer to the Statement to Shareholders dated 28 April 2023 for further information.

Notice of First Annual General Meeting (Cont'd)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

1. Details of Individuals who are standing for election as Directors

There is no individual standing for election as Director (other than those Directors who are standing for re-election as Directors) at the 1st AGM of the Company.

2. General Mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements

The details of the general mandate are set out in the Notice of AGM dated 28 April 2023 under item (8) of the Explanatory Notes to the Agenda/Special Business.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the members' personal data by the Company (or its agents) for the AGM and matters related thereto, including but not limited to: (a) for the purpose of the processing and administration of proxies and representatives appointed for the AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof); and (c) for the Company (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) undertakes and warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company (or its agents) processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes, and (iii) agrees that the member will fully indemnify the Company for any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

KUMPULAN KITACON BERHAD
[Registration No. 202201006838 (1452535-V)]
(Incorporated in Malaysia)

FORM OF PROXY

No. of ordinary shares held	CDS account no. of holder

I/We (Full Name in Block Letters) NRIC No./
Passport No./Company No. of
.....(full address and email address)
being a *member/members of **KUMPULAN KITACON BERHAD** hereby appoint:

Proxy 1	No. of Shares	%
Full Name of Proxy as per NRIC/Passport		
NRIC / Passport No.		
Full Address		
Email address		
Contact No		

and/or failing him/her,

Proxy 2	No. of Shares	%
Full Name of Proxy as per NRIC/Passport		
NRIC / Passport No.		
Full Address		
Email address		
Contact No		

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the **First Annual General Meeting ("1st AGM")** of the Company to be held at Ballroom C, DoubleTree by Hilton Shah Alam i-City, Finance Avenue, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 20 June 2023 at 11.00 a.m. or at any adjournment thereof, in the manner indicated below:

RESOLUTIONS	AGENDA	FOR	AGAINST
Ordinary Resolution 1	Re-election of Datuk Dr. Siti Hamisah Binti Tapsir as Director		
Ordinary Resolution 2	Re-election of Mr. Tan Ah Kee as Director		
Ordinary Resolution 3	Re-election of Mr. Teow Choo Hing as Director		
Ordinary Resolution 4	Re-election of Mr. Gam Boon Tin as Director		
Ordinary Resolution 5	Re-election of Mr. Goh Yin Huat as Director		
Ordinary Resolution 6	Re-election of Mr. Low Chin Ann @ Han Chin Ann as Director		
Ordinary Resolution 7	Re-election of Ms Chang Sua Yean as Director		
Ordinary Resolution 8	Re-election of Puan Nooriah Binti Hassan as Director		
Ordinary Resolution 9	Directors' fees for the financial period ended 31 December 2022.		
Ordinary Resolution 10	Directors' fees for the financial year ending 31 December 2023		
Ordinary Resolution 11	Directors' benefits (other than Directors' fees) for the period from 24 February 2022 up to 31 December 2022		
Ordinary Resolution 12	Directors' benefits (other than Directors' fees) for the period from 1 January 2023 until the next AGM to be held in 2024		
Ordinary Resolution 13	Re-appointment of Crowe Malaysia PLT as Auditors		
Ordinary Resolution 14	Authority under Sections 75 and 76 of the Companies Act 2016 for Directors to issue and allot shares		
Ordinary Resolution 15	Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions		
Ordinary Resolution 16	Proposed Share Buy-Back Authority		

Please indicate with an "X" in the appropriate box against the resolution on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of Meeting as you have indicated. If no specific instruction as to voting is given, this form will be taken to authorize the proxy to vote at his/her discretion.

Dated this _____ day of _____, 2023

Signature/Common Seal of Shareholder



NOTES:

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company but must be of full age of eighteen (18) years and above. There shall be no restriction as to the qualification of the proxy.
- 2) A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 3) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories Act), 1991, it may appoint not more than (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- 4) The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing or if the Member is a corporation, shall be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- 5) The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. The instrument appointing a proxy shall be deemed to confer authority on the appointed proxy to demand or join in demanding a poll.
- 6) The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited with the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- 7) In respect of deposited securities, only members whose names appear on the Record of Depositors as at 14 June 2023 shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

1st Fold Here

AFFIX
STAMP

KUMPULAN KITACON BERHAD
c/o Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

2nd Fold Here

Fold This Flap For Sealing