

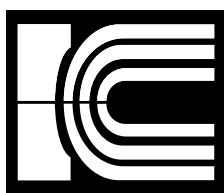
THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Circular prior to its issuance as it is an Exempt Circular pursuant to Paragraph 2.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities has prescribed circular or document in relation to purchase of own shares as Exempt Circular. As such, Bursa Securities has not perused the information relating to the Proposed Share Buy-Back (as defined herein) prior to the issuance of this Statement.

Bursa Securities takes no responsibility for the contents of this Circular/Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular/Statement.



KUMPULAN KITACON BERHAD

(Incorporated in Malaysia)

Registration No. 202201006838 (1452535-V)

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE”)

PART B

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (“PROPOSED SHARE BUY-BACK”)

The above proposals will be tabled as Special Business at the Second Annual General Meeting (“**2nd AGM**” or “**AGM**”) of Kumpulan Kitacon Berhad (“**Kitacon**” or “**the Company**”) to be held at Ballroom 2 @ Level 10, Courtyard by Marriott Setia Alam, No. 6, Jalan Setia Dagang AH U13/AH, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 25 June 2024 at 11.00 a.m. The Notice of the 2nd AGM together with the Form of Proxy are enclosed in the Annual Report 2023 of the Company, which is dispatched together with this Circular/Statement.

The Form of Proxy for the 2nd AGM must be completed and deposited at the office of 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 Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so, but if you do, your proxy or proxies shall be precluded from attending the AGM.

Last date and time of lodging the Form of Proxy : **Sunday, 23 June 2024 at 11.00 a.m.**

Date and time of the AGM : **Tuesday, 25 June 2024 at 11.00 a.m.**

DEFINITIONS

For the purpose of this Circular/Statement, except where the context otherwise requires, the following definitions shall apply:

- Act : The Malaysian Companies Act, 2016 as amended from time to time and any re-enactment thereof
- AGM : Annual General Meeting
- Board : The Board of Directors of Kitacon
- Bursa Securities : Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
- CMSA : Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof.
- Code : Malaysian Code on Take-Overs and Mergers 1998, as amended from time to time.
- Director(s) : Shall have the meaning given in Section 2(1) of the CMSA for the purposes of the Proposed Renewal of Shareholders' Mandate and includes any person who is or was within the preceding six (6) months of the date on which the terms of transactions were agreed upon, a Director of the Company, or any other company which is its subsidiary or holding company or a Managing Director of the Company, its subsidiary or holding company.
- EPS : Earnings per share
- Kitacon or the Company : Kumpulan Kitacon Berhad [Registration No. 202201006838 (1452535-V)]
- Kitacon Group or Group : Kitacon and its subsidiary as defined in Section 4 of the Act.
- LPD : 31 March 2024, being the latest practicable date prior to the issuance of this Circular/Statement.
- Listing Requirements : The Main Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time.
- Major Shareholder(s) : A person who has an interest or interests in one or more voting shares in the Company and the aggregate number of those shares, is –
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company,

and includes a person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of Kitacon or any other company which is its subsidiary of Kitacon.

For the purposes of this definition, “interest in share” shall have the meaning given in Section 8 of the Act.

DEFINITIONS (Cont'd)

- Mandate Period : The period during which the RRPT are to be entered into for which the Proposed Renewal of Shareholders' Mandate is being sought. This period shall commence immediately upon passing of the ordinary resolution in respect of the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM and shall continue to be in force until:
- (i) the conclusion of the next AGM; or
 - (ii) 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
 - (iii) revoked or varied by resolution passed by the shareholders in general meeting whichever is the earlier.
- Market Day : Any day when Bursa Securities is open for trading of securities.
- Person(s) Connected : Such person, in relation to the Director or Major Shareholder, who falls under any one of the following categories:
- (i) A family member of the Director or Major Shareholder;
 - (ii) A trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;
 - (iii) A partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
 - (iv) A person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - (v) A person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - (vi) A body corporate or its Directors which/ who is/ are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - (vii) A body corporate or its Directors whose directions, instruction or wishes the Director or Major Shareholders is accustomed or is under an obligation whether formal or informal, for act;
 - (viii) A body corporate in which the Director or Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (ix) A body corporate which is a related corporation of the Directors or Major Shareholder.

DEFINITIONS (Cont'd)

| | |
|---|---|
| | Family member means such person who falls within any one of the following categories: <ul style="list-style-type: none">(i) spouse;(ii) parent;(iii) child including an adopted child and step child;(iv) brother or sister; and(v) spouse of the person referred to in (iii) and (iv) above. |
| Proposed Renewal of Shareholders' Mandate | : Proposed renewal of the existing shareholders' mandate for RRPTs to be entered into by the Group from the date of the forthcoming 2 nd AGM to the next AGM. |
| Proposed Share Buy-Back | : Proposed authority for Kitacon to purchase up to 10% of total number of issued Kitacon Shares in accordance with Section 127 of the Act and the requirements of Bursa Securities and/or any other relevant authority. |
| Purchased Shares | : Shares purchased pursuant to the Proposed Share Buy-Back |
| Recurrent Related Party Transaction or RRPT | : Related party transactions involving recurrent transactions of revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business of the Group. |
| Related Party(ies) | : Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s) as defined in Paragraph 1.01 of the Listing Requirements. |
| Related Party Transactions | : Transactions entered into by Kitacon or its subsidiary which involves the interest, direct or indirect, of a Related Party(ies). |
| RM and sen | Ringgit Malaysia and sen respectively |
| Share(s) or Kitacon Share(s) | : Ordinary share(s) in Kitacon |
| Substantial Shareholders(s) | : A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares in the Company. |
| Treasury Shares | The Purchased Shares which will be retained by the Company and shall have the meaning given in Section 127(4)(b) of the Act. |
| Annual Report 2023 | Annual Report of Kitacon issued for the financial year ended 31 December 2023. |

DEFINITIONS (Cont'd)

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

Reference to persons shall include a corporation, unless otherwise specified.

Any reference to a time of day in this Circular/Statement shall be reference to Malaysian time, unless otherwise stated.

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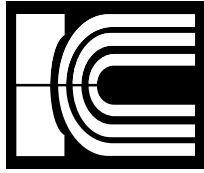
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PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**



KUMPULAN KITACON BERHAD

(Incorporated in Malaysia)

Registration No. 202201006838 (1452535-V)

Registered Office:

52A, Lebuhr Enggang,
41150 Klang,
Selangor Darul Ehsan.

30 April 2024

The Board of Directors:

- | | |
|--|---|
| 1. Datuk Dr. Siti Hamisah Binti Tapsir | <i>(Independent Non-Executive Chairperson)</i> |
| 2. Mr. Tan Ah Kee | <i>(Non-Independent Executive Director / Managing Director)</i> |
| 3. Mr. Teow Choo Hing | <i>(Non-Independent Non-Executive Director)</i> |
| 4. Mr. Gam Boon Tin | <i>(Non-Independent Executive Director / Chief Operating Officer)</i> |
| 5. Mr. Goh Yin Huat | <i>(Non-Independent Executive Director / Chief Financial Officer)</i> |
| 6. Mr. Low Chin Ann @ Han Chin Ann | <i>(Independent Non-Executive Director)</i> |
| 7. Ms. Chang Sua Yean | <i>(Independent Non-Executive Director)</i> |
| 8. Puan Nooriah Binti Hassan | <i>(Independent Non-Executive Director)</i> |

To : The Shareholders of Kumpulan Kitacon Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

1. INTRODUCTION

The Company had at the 1st AGM held on 20 June 2023, obtained a shareholders' mandate for the Company and/or its subsidiary to enter into RRPTs on terms that are not more favourable to the Related Parties than those generally available to the public.

The authority conferred by the Shareholders' Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 2nd AGM of the Company unless an authority for its renewal is obtained from the shareholders at the forthcoming 2nd AGM of the Company.

In relation thereto, the Board had on 25 April 2024, announced its intention to seek the shareholders' approval for the Proposed Renewal of Shareholders' Mandate at the forthcoming 2nd AGM of the Company.

The purpose of this Circular is to provide you with the details of the Proposed Renewal of Shareholders' Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 2nd AGM. The Notice of the 2nd AGM together with the Form of Proxy are enclosed in the Annual Report 2023 of the Company, which is sent together with this Circular/Statement.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR/STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 2ND AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to paragraph 10.09(2) of Chapter 10 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of RRPT of a revenue or trading nature which are necessary for its day-to-day operations, subject to, inter alia, the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (ii) the Shareholders' Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:-
 - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1 million; or
 - (b) any one of the percentage ratios of such transactions is equal to or exceed 1%,

whichever is the higher,
- (iii) the issuance of a Circular to Shareholders by the listed issuer containing information as specified in the Listing Requirements;
- (iv) in a meeting to obtain shareholders' mandate, the interested Director(s), interested Major Shareholder(s) or interested person(s) connected with the Director(s) or Major Shareholder(s); and where it involves the interest of an interested person connected with the Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) to immediately announce to Bursa Securities when the actual value of the RRPT entered into, exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more.

2.2 Proposed Renewal of Shareholders' Mandate

Kitacon Group has, in the ordinary course of its business, entered into certain RRPTs and it is anticipated that the companies within the Kitacon Group would, in the ordinary course of business, continue to enter into such transactions with the Related Parties, details of which are set out in Section 2.6. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

It is envisaged that in the normal course of the Group's businesses, transactions of a revenue or trading nature between Kitacon Group and the Related Parties are likely to occur, and which are necessary for its day-to-day operations.

2.3 Validity period of the Proposed Renewal of Shareholders' Mandate

In this respect, the Board is seeking approval from shareholders for the Proposed Renewal of Shareholders' Mandate which will allow the Group, in their normal course of business, to enter into the category of Recurrent Related Party Transactions referred to in Section 2.6 of this Circular with the Related Parties, provided that such transactions are made at arm's length, on the Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Proposed Renewal of Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate shall take effect from and including 25 June 2024 being the date of the forthcoming 2nd AGM of the Company and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the AGM at which such Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the 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 resolution passed by the shareholders in general meeting,
- whichever is the earlier.

Disclosure will be made in the Company's Annual Report in accordance with Section 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year pursuant to the Proposed Renewal of Shareholders' Mandate based on the following information:

- (i) type of Recurrent Related Party Transactions entered into; and
- (ii) names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationship with the Company.

Details of the Recurrent Related Party Transactions of the Group which are in accordance with Paragraph 10.09 (1) of the Listing Requirements are set out in the ensuing paragraphs.

2.4 Principal Activity of Kitacon Group

Kitacon is an investment holding company and the principal activity of the subsidiary is the provision of construction services.

The list of Kitacon's subsidiary involved in the related party transactions is as follows:

| Name of Subsidiary | Principal Activity | Equity Interest (%) |
|---------------------------|------------------------------------|----------------------------|
| Kitacon Sdn. Bhd. ("KSB") | Provision of construction services | 100% |

2.5 Class of Related Parties

The Proposed Renewal of Shareholders' Mandate will apply to the following classes of Related Parties:

- (i) Directors or Major Shareholders; and
- (ii) Persons Connected to the Directors or Major Shareholders.

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2.6 Details of RRPTs contemplated under the Proposed Renewal of Shareholders' Mandate

| Related Party | Principal Activities | Name of Projects & Nature of Transaction |
|--------------------------------------|--|---|
| Kiharta Development Sdn Bhd ("KDSB") | Property Development | <u>Kiharta Development</u> Progress billing raised on provision of construction services by KSB to KDSB. |
| Kiharta Land Sdn Bhd ("KLSB") | Investment holding (investment in property) | <u>Kiharta Land</u> Progress billing raised on provision of construction services by KSB to KLSB. |
| Kiharta Properties Sdn Bhd ("KPSB") | Investment holding (investment in property) and property development | <u>Kiharta Properties</u> Progress billing raised on provision of construction services by KSB to KPSB. |
| Welloyd Properties Sdn Bhd ("WPSB") | Property Development | <u>Welloyd Properties</u> Progress billing raised on provision of construction services by KSB to WPSB. |

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The nature and details of the RRPTs entered and/or to be entered into by the Group and the class of Related Parties under the Proposed Renewal of Shareholders' Mandate are as follows:-

| Related Party | Transacting Party within the Group | Interested Directors/Major Shareholder and/or Person Connected to them | Nature of relationship of related parties | Nature of Transaction | Estimated value as per the last mandate (RM'000) | Actual value of RRPT transacted from the date of previous AGM to LPD** (RM'000) | Estimated value from the forthcoming AGM up to the next AGM* (RM'000) |
|---------------|------------------------------------|---|---|---|--|---|---|
| KDSB | KSB | <ul style="list-style-type: none"> • Mr. Tan Ah Kee • Mr. Teow Choo Hing • Datuk Phua Sin Mo | <p>Mr. Tan Ah Kee ⁽¹⁾⁽³⁾ Mr. Teow Choo Hing ⁽²⁾⁽³⁾ Datuk Phua Sin Mo ⁽⁷⁾⁽⁸⁾</p> | Progress billing raised on provision of construction services by KSB to KDSB. | 17,000 | - | 35,000 |
| KLSB | KSB | <ul style="list-style-type: none"> • Mr. Tan Ah Kee • Mr. Teow Choo Hing • Datuk Phua Sin Mo | <p>Mr. Tan Ah Kee ⁽¹⁾⁽⁵⁾ Mr. Teow Choo Hing ⁽²⁾⁽⁵⁾ Datuk Phua Sin Mo ⁽⁷⁾⁽¹⁰⁾</p> | Progress billing raised on provision of construction services by KSB to KLSB. | 10,000 | - | 10,000 |
| KPSB | KSB | <ul style="list-style-type: none"> • Mr. Tan Ah Kee • Mr. Teow Choo Hing • Datuk Phua Sin Mo | <p>Mr. Tan Ah Kee ⁽¹⁾⁽⁴⁾ Mr. Teow Choo Hing ⁽²⁾⁽⁴⁾ Datuk Phua Sin Mo ⁽⁷⁾⁽⁹⁾</p> | Progress billing raised on provision of construction services by KSB to KPSB. | 12,000 | - | 25,000 |
| WPSB | KSB | <ul style="list-style-type: none"> • Mr. Tan Ah Kee | Mr. Tan Ah Kee ⁽¹⁾⁽⁶⁾ | Progress billing raised on provision of construction services by KSB to WPSB. | 24,000 | 19,809 | 30,000 |

Notes:

* The estimated values are based on the historical data and best estimates by the Management. Accordingly, the actual value of the transactions may vary from the estimated values disclosed above and subject to changes.

** None of the actual value of the RRPT has exceeded the estimated value.

(1) *Mr. Tan Ah Kee is the Managing Director and Major Shareholder of Kitacon at 8.37% direct interest and 36.96% indirect interest via Suan Neo Capital Sdn Bhd (“Suan Neo Capital”) and Lembah Reka Sdn. Bhd. (“Lembah Reka”).*

(2) *Mr. Teow Choo Hing is the Director and Major Shareholder of Kitacon at 14.21% direct interest.*

(3) *Mr. Tan and Mr. Teow are also the Directors and Substantial Shareholders of KDSB.*

(4) *Mr. Tan and Mr. Teow are also the Directors and Substantial Shareholders of KPSB.*

(5) *Mr. Tan and Mr. Teow are also the Directors and Substantial Shareholders of KDSB, which in turn holds 100% equity interest in KLSB.*

(6) *Mr. Tan holds approximately 14.3% equity interest in Taipan Hectares Sdn Bhd, which in turn holds 20% equity interest in WPSB.*

(7) *Datuk Phua Sin Mo is a Major Shareholder of Kitacon at 14.0% direct interest.*

(8) *Datuk Phua is the director and holds 51% equity interest in Aspenlogic Sdn Bhd, which in turn holds 20% equity interest in KDSB.*

(9) *Datuk Phua is the director and holds 51% equity interest in Aspenlogic Sdn Bhd, which in turn holds 25% equity interest in KPSB.*

(10) *Datuk Phua is the director and holds 51% equity interest in Aspenlogic Sdn Bhd, which in turn holds 20% equity interest in KDSB and 100% equity interest in KLSB.*

The RRPTs above are contemplated under the mandate which complies with Paragraph 10.09(2) and the relevant provisions under items 3.1 and 3.2 of Practice Notice 2 of the Main LR.

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2.7 Amount Due and Owing by Related Parties

The breakdown of the total outstanding amount due under the RRPTs which exceeded the credit term as at end of the financial year ended 31 December 2023 are as follows:-

| Item | Name of Related Party | Principal Sum (RM'000) | Late payment charges (RM'000) | Amount due which exceeded the credit term ("Overdue Sum") (RM'000) | | | |
|------|-----------------------|------------------------|-------------------------------|--|---------------------|----------------------|-----------|
| | | | | ≤ 1 year | > 1 year to 3 years | > 3 years to 5 years | > 5 years |
| 1. | WPSB* | 2,302 | - | 2,302 | - | - | - |

Note:

** The outstanding amount due from WPSB has been fully paid on 19 January 2024.*

The Management monitors and reviews the outstanding amounts due and owing by the Related Party(ies) on a regular basis. The Group has and will continue to meet and discuss with the relevant Related Party(ies) to pursue settlement of the outstanding amounts due.

There were no late payment charges imposed on the outstanding amount due by the Related Parties as the Overdue Sum were all trade in nature and payment was made in line with the Group's normal business practices. The same basis applies to both related and non-related parties.

2.8 Review Procedures in relation to RRPTs

Kitacon Group has established various procedures to ensure that the RRPTs are conducted on an arm's length basis and on normal commercial terms, which are consistent with the Group's normal business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The RRPTs will be undertaken based on prevailing rates according to normal commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations.

There is no threshold for approval for RRPTs as all RRPTs will be reviewed by the Audit and Risk Management Committee and approved by the Board of Directors.

To monitor the RRPTs, the procedures established by Kitacon Group are as follows:

- i) a list of Related Parties will be circulated within Kitacon Group to notify that all RRPTs with the Related Parties are required to be undertaken on an arm's length basis, on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public. These include transacting at prevailing market rates/prices of the products or service providers' usual commercial terms or otherwise in accordance with applicable industry norm. Transactions refer to both sales and purchases of products or provision of services of Kitacon Group;
- ii) any tender, quotation or contract received from or proposed to be entered with a Related Party will not be approved unless the terms offered to Kitacon Group are comparable with those offered by other unrelated parties for the same or substantially similar type of transactions;

- iii) records will be maintained by our Company to capture all RRPTs entered into pursuant to the Proposed Renewal of Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to. Our Company will monitor all transactions to ensure that any one of the percentage ratios of the transactions does not exceed 10%;
- iv) the internal auditors shall periodically review the guidelines and procedures in respect of all RRPTs entered into pursuant to the Proposed Renewal of Shareholders' Mandate and ascertain that the guidelines and procedures have been complied with;
- v) records of RRPTs will be retained and compiled for review by the Audit and Risk Management Committee to ascertain that the guidelines and procedures established to monitor the RRPTs have been complied with and the review shall be done at every quarter together with the review of the quarterly results;
- vi) disclosure will be made in the annual report of our Company of the aggregate value of transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year, in accordance with the provisions of Paragraph 10.09 of Chapter 10 and Paragraph 3.1.5 of Practice Note 12 of the Main LR; and
- vii) the Audit and Risk Management Committee has reviewed and shall continue to review the adequacy and appropriateness of the procedures as and when required, with the authority to subdelegate to individuals or committees within our Company as they deem appropriate.

At least two (2) other contemporaneous transactions with unrelated third parties for similar products or services will be used as comparison, whenever possible, to determine whether the price and terms offered to the Related Parties are fair and reasonable and comparable to those offered to other unrelated third parties for the same or substantially similar type of products or services. In the event that comparative pricing from unrelated third parties cannot be obtained, Kitacon Group will rely on the prevailing market norms and practices taking into account the efficiency, quality and type of products or services to be provided to ensure that the RRPTs are not detrimental to Kitacon Group.

Any member of the Audit and Risk Management Committee who is interested in any RRPT shall abstain from reviewing such transaction. Any Director who has an interest (direct or indirect) in any RRPT shall abstain from deliberation and voting on the matter. The interested Director(s) shall also abstain from deliberating at Board meetings in respect of the RRPTs in which they or Persons Connected with them are interested.

Pursuant to Paragraph 10.09 of the Main LR, in a meeting to obtain shareholders' approval for the Proposed Renewal of Shareholders' Mandate, the interested Director, interested Major Shareholder or interested Person Connected with a Director or Major Shareholder; and where it involves the interest of an interested Person Connected to a Director and/or Major Shareholder, such Director or Major Shareholder must abstain from voting on the resolution approving the transactions. An interested Director or interested Major Shareholder must also ensure that Persons Connected with him abstain from voting on the resolution approving the transactions.

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2.9 Statement by the Audit and Risk Management Committee

Part of the Terms of Reference of the Audit and Risk Management Committee would be to review any Related Party Transaction and conflict of interest that may arise within the Kitacon Group, including any transaction, procedure or course of action that raises questions of integrity.

The Audit and Risk Management Committee has reviewed the guidelines and review procedures as outlined in Section 2.8 above and is of the view that the existing procedures are sufficient to ensure that the RRPTs are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of the minority shareholders of Kitacon.

The Audit and Risk Management Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit and Risk Management Committee conducts quarterly review of the existing procedures and processes to ascertain that they have been complied with.

3 RATIONALE AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The RRPTs as set out in Sections 2.6 of this Circular entered into or to be entered into by the Kitacon Group are recurring transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business of the Kitacon Group. These transactions are likely to occur with some degree of frequency and could arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPTs.

The Proposed Renewal of Shareholders' Mandate is intended to facilitate the RRPTs. The obtaining of your mandate on an annual basis would eliminate the need to make regular announcements to Bursa Securities and to convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPTs with the Related Parties arise. This would substantially reduce administrative time, inconvenience, and expenses in making announcements and convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the Kitacon Group.

The rationale and benefits of the Proposed Renewal of Shareholders' Mandate is to meet the corporate objectives of the Kitacon Group and realise business opportunity of the Group, and when they shall become available to the Group, in more timely and effective way. The Group has had longstanding business relationships with the Related Parties and the close cooperation has reaped mutual benefits which are expected to continue to be beneficial to the business of the Group.

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4 FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will not have any effect on the share capital and the Substantial Shareholders' shareholdings in the Company.

However, the Proposed Renewal of Shareholders' Mandate is expected to contribute positively to the future earnings and net assets of the Kitacon Group as and when the benefits of the RRPTs are realised.

5 APPROVAL REQUIRED FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate is subject to the approval of the shareholders of Kitacon at the forthcoming 2nd AGM to be convened.

6 INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

The direct and indirect shareholdings of the interested Directors, interested Major Shareholder and persons connected with them in the issued and paid-up share capital of the Company as at LPD are as follows:

| Name of Interested Directors, Major Shareholders and persons connected | No. of ordinary shares as at LPD | | | |
|--|----------------------------------|-------|----------------------------|-------|
| | Direct | % | Indirect | % |
| <i>Interested Directors:</i> | | | | |
| Tan Ah Kee | 41,846,900 | 8.37 | 184,820,500 ⁽¹⁾ | 36.96 |
| Teow Choo Hing | 71,064,600 | 14.21 | - | - |
| | | | | |
| <i>Major Shareholders:</i> | | | | |
| Suan Neo Capital Sdn Bhd ("Suan Neo Capital") | 175,000,000 | 35.00 | - | - |
| Tan Ah Kee | 41,846,900 | 8.37 | 184,820,500 ⁽¹⁾ | 36.96 |
| Teow Choo Hing | 71,064,600 | 14.21 | - | - |
| Datuk Phua Sin Mo | 70,000,000 | 14.00 | - | - |

Note:

⁽¹⁾ Deemed interested by virtue of his shareholding in Suan Neo Capital and Lembah Reka pursuant to Section 8 of the Act.

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Accordingly, the interested Directors, Mr. Tan Ah Kee and Mr. Teow Choo Hing have abstained and will continue to abstain from the Board's deliberations and voting on the relevant resolution. They will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company, on the resolution approving the Proposed Renewal of Shareholders' Mandate at the 2nd AGM.

In addition, the interested Major Shareholders, Suan Neo Capital, Mr. Tan Ah Kee, Mr. Teow Choo Hing and Datuk Phua Sin Mo will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, on the resolution approving the Proposed Renewal of Shareholders' Mandate at the 2nd AGM.

The interested Directors and the interested Major Shareholders have undertaken that they shall ensure that the person connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution, deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming 2nd AGM.

Save as disclosed above, none of the other Directors, Major Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

7 DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the interested Directors, Mr. Tan Ah Kee and Mr. Teow Choo Hing), after having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is fair, reasonable and in the best interest of the Company and the Group.

With the exception of Mr. Tan Ah Kee and Mr. Teow Choo Hing who are Directors and deemed interested in the Proposed Renewal of Shareholders' Mandate and have therefore refrained from making any recommendation in respect of the resolution, your Directors recommend that you vote in favour of the ordinary resolution on the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 2nd AGM.

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8 2ND AGM

The ordinary resolution to vote on the Proposed Renewal of Shareholders' Mandate is set out as Special Business in the Notice of the 2nd AGM contained in the Annual Report 2023 which was sent to you together with this Circular/Statement. The 2nd AGM will be held at Ballroom 2 @ Level 10, Courtyard by Marriott Setia Alam, No. 6, Jalan Setia Dagang AH U13/AH, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 25 June 2024 at 11.00 a.m.

If you are unable to attend and vote in person at the 2nd AGM, you should complete and return the Form of Proxy enclosed in the Annual Report 2023 to 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 Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

The completion and lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9 FURTHER INFORMATION

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

Yours faithfully,

For and on behalf of the Board
KUMPULAN KITACON BERHAD

DATUK DR. SITI HAMISAH BINTI TAPSIR

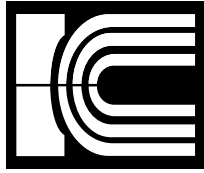
Chairperson

Independent Non-Executive Chairperson

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PART B

**SHARE BUY-BACK STATEMENT IN RELATION TO THE
PROPOSED SHARE BUY-BACK**



KUMPULAN KITACON BERHAD

(Incorporated in Malaysia)

Registration No. 202201006838 (1452535-V)

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED SHARE BUY-BACK (“STATEMENT”)

1. INTRODUCTION

The Company had on 25 April 2024 announced that it will be seeking shareholders’ approval at its 2nd AGM to be held on 25 June 2024 for the Proposed Share Buy-Back by Kitacon of its own shares of up to ten percent (10%) of the total number of issued shares of the Company.

This Statement serves to provide you with the relevant information on the Proposed Share Buy-Back, to set out your Board’s recommendation thereon and to seek your approval for the ordinary resolution in respect of the Proposed Share Buy-Back to be tabled at the forthcoming 2nd AGM.

The Notice of the 2nd AGM together with the Form of Proxy are enclosed in the Annual Report 2023, which has been issued together with this Statement.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING 2ND AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek approval from shareholders for the authority to purchase up to 10% of the total number of Kitacon Shares issued as quoted on the Bursa Securities as at the point of purchase. The Proposed Share Buy-Back is subject to compliance with Section 127 of the Act and any prevailing laws and regulations issued by the relevant authorities.

The Proposed Share Buy-Back shall be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the 2nd AGM and shall be valid until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which the resolution on Proposed Share Buy-Back was passed, at which time it will lapse unless an ordinary resolution is passed at the general meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM 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.

2.1 Maximum Number or Percentage of Kitacon Shares may be Purchased

The Board proposes to seek a mandate from the shareholders of Kitacon to purchase and/or hold in aggregate up to ten per cent (10%) of the total number of issued shares of the Company at any point in time through Bursa Securities.

2.2 Treatment of Kitacon Shares Purchased

In accordance with Section 127(4) of the Act, the Company would be able to deal with any of the Kitacon Shares purchased by the Company in the following manner:

- (a) to cancel the Kitacon Shares purchased; or
- (b) to retain the Kitacon Shares purchased as treasury shares; or
- (c) to retain part of the Kitacon Shares purchased as treasury shares and cancel the remainder of the Kitacon Shares purchased.

Pursuant to Section 127(7) of the Act, where the Kitacon Shares are held as treasury shares, the Directors of the Company may: -

- (a) distribute the Kitacon Shares as dividends to shareholders;
- (b) resell any of the Kitacon Shares in accordance with the Listing Requirements;
- (c) transfer any of the Kitacon Shares for the purposes of or under an employees' share scheme;
- (d) transfer any of the Kitacon Shares as purchase consideration;
- (e) cancel any of the Kitacon Shares; or
- (f) sell, transfer or otherwise use any of the Kitacon Shares for such other purposes as the Minister may by order prescribe.

Immediate announcement(s) and notice(s) will be made to Bursa Securities and the relevant authorities in respect of the Board's decision on the treatment of the purchased Kitacon Shares in compliance with the Listing Requirements and the Act.

In accordance with Section 127(8) of the Act, if such purchased Kitacon Shares are held as treasury shares, it shall not confer: -

- (a) the right to attend or vote at meetings and any purported exercise of such rights is void; and
- (b) the right to receive dividends or other distribution, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up of the Company.

Pursuant to Section 127(9) of the Act, if such purchased Kitacon Shares are held as treasury shares, the Treasury Shares shall not be taken into account in calculating the number of percentage of shares or a class of shares in the Company for any purposes including, without limiting the generality of this provisions of any law or requirements of the Constitution or the Listing Requirements on Substantial Shareholding, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

Nonetheless, Section 127(11) of the Act states that the purchased Kitacon Shares shall not be taken to prevent:-

- (a) an allotment of Kitacon Shares as fully paid bonus shares in respect of the Treasury Shares; or
- (b) the subdivision or consolidation of Treasury Shares.

2.3 Purchase/Resale/Transfer Price

Pursuant to the Listing Requirements, the purchase price of the Kitacon Shares cannot be more than 15% above the weighted average market price of Kitacon Shares for the five (5) Market Days immediately before the purchase. In the case of a resale and/or transfer of Treasury Shares, the Treasury Shares may be resold and/or transfer on Bursa Securities at a price, which is:

- i) not less than the weighted average market price of the Kitacon Shares for the five (5) Market Days immediately before the resale and/or transfer; or
- ii) at a discount of not more than 5% to the weighted average market price of the Kitacon Shares for the five (5) Market Days immediately before the resale and/or transfer provided that:-
 - (a) the resale and/or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - (b) the resale and/or transfer price is not less than the cost of purchase of the Kitacon Shares being resold and/or transferred.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is envisaged to potentially benefit the Company and its shareholders as follows:

- (i) the Company is able to utilise its surplus financial resources more efficiently and this may help to stabilise the supply and demand of the Kitacon Shares traded on Bursa Securities and thereby support its fundamental value;
- (ii) the Kitacon Shares purchased can be held as treasury shares and resold on Bursa Securities at a higher price and generate capital gains for the Company without affecting the total number of issued shares of the Company;
- (iii) the Treasury Shares can be distributed as share dividends to our shareholders as a reward;
- (iv) the Treasury Shares can be re-issued to satisfy the option(s) to subscribe for Kitacon Share(s) to be granted to the eligible persons under any employees' share scheme; and
- (v) depending on the price paid for the purchase of each share and its impact on earnings of our Group, the purchase of our own shares may strengthen the earnings per share and return of equity of our Company in the event that the Kitacon Shares purchased are cancelled.

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4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

4.1 Potential Advantages

The potential advantages of the Proposed Share Buy-Back are as follows:

- (a) our Company may be able to stabilise the supply and demand of Kitacon Shares traded on Bursa Securities and thereby supporting its fundamental values especially in time of irrational share market movements;
- (b) if the Kitacon Shares bought back by our Company are cancelled, shareholders are likely to enjoy an increase in the value of their investment in our Company as the net earnings per share of Kitacon will increase;
- (c) if the Kitacon Shares bought back are kept as treasury shares, it will give our Directors an option to sell Kitacon Shares so purchased at a higher price and therefore make an exceptional gain for our Company. Alternatively, Kitacon Shares so purchased can be distributed to shareholders as dividends and serve as reward to the shareholders of our Company; and
- (d) the Proposed Share Buy-Back will allow Kitacon to utilise its financial resources more efficiently especially where there is no immediate use and this may strengthen the consolidated earnings per share of the Group.

4.2 Potential Disadvantages

The potential disadvantages of the Proposed Share Buy-Back are as follows:

- (a) any purchase of own ordinary shares will reduce our financial resources and may result in us foregoing better investment opportunities that may emerge in future;
- (b) the cashflow of the Company may be affected if the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back; and
- (c) as any purchase of our own ordinary shares can only be made out of our retained profits, it may result in the reduction of financial resources available for distribution to our shareholders in the immediate future.

The Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and our shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact on its shareholders.

Nevertheless, our Board will be mindful of the interest of the Company and our shareholders in undertaking any purchase of our own ordinary shares and in the subsequent resale or transfer of Treasury Shares on Bursa Securities, if any.

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5. SOURCE OF FUNDS

Pursuant to the Listing Requirements, the Proposed Share Buy-Back must be made wholly out of the retained profits of the Company. Therefore, the maximum amount of funds to be utilised for the Proposed Share Buy-Back shall not exceed the retained profits account of the Company.

As at 31 December 2023, the audited retained profits of the Company stood at RM229,718.

The Proposed Share Buy-Back will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of Kitacon Shares to be purchased and other relevant cost factors. The actual number of Kitacon Shares to be purchased and/or held and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Company.

In the event that the Company purchases and holds its own shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have any material effect on the cash flow of the Group. In addition, the Board will ensure that the Company satisfies the solvency test as stated in Section 112(2) of the Act before execution of the Proposed Share Buy-Back.

6. SUBSTANTIAL SHAREHOLDERS', DIRECTORS' SHAREHOLDINGS AND PUBLIC SECURITY HOLDING SPREAD

The table below illustrates the direct and indirect interest of the Directors and Substantial Shareholders of Kitacon as at the LPD, assuming that Kitacon purchases 50,000,000 Kitacon Shares, representing 10% of the Company's total number of issued shares as at LPD, from parties other than the Company's Directors and Substantial Shareholders.

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6.1 Directors and Substantial Shareholders

As at LPD, based on the Register of Directors and Register of Substantial Shareholders' shareholdings, the proforma effects of the Proposed Share Buy-Back are set out below:-

| Name of Interested Directors, Major Shareholders and persons connected | No. of Ordinary Shares Before Proposed Share Buy-Back ⁽¹⁾ | | | No. of Ordinary Shares After Proposed Share Buy-Back ⁽²⁾ | | |
|--|--|-------|----------------------------|---|-------|----------------------------|
| | Direct | % | Indirect | Direct | % | Indirect |
| Directors of Kitacon: | | | | | | |
| Datuk Dr. Siti Hamisah Binti Tapsir | 100,000 | 0.02 | - | 100,000 | 0.02 | - |
| Tan Ah Kee | 41,846,900 | 8.37 | 184,820,500 ⁽³⁾ | 41,846,900 | 9.30 | 184,820,500 ⁽³⁾ |
| Teow Choo Hing | 71,064,600 | 14.21 | - | 71,064,600 | 15.79 | - |
| Gam Boon Tin | 1,000,000 | 0.20 | - | 1,000,000 | 0.22 | - |
| Goh Yin Huat | 400,000 | 0.08 | - | 400,000 | 0.09 | - |
| Low Chin Ann @ Han Chin Ann | 75,000 | 0.01 | 15,000 ⁽⁴⁾ | 75,000 | 0.02 | 15,000 ⁽⁴⁾ |
| Chang Sua Yean | 50,000 | 0.01 | - | 50,000 | 0.01 | - |
| Nooriah Binti Hassan | 50,000 | 0.01 | - | 50,000 | 0.01 | - |
| Major Shareholders: | | | | | | |
| Suan Neo Capital Sdn Bhd | 175,000,000 | 35.00 | - | 175,000,000 | 38.89 | - |
| Tan Ah Kee | 41,846,900 | 8.37 | 184,820,500 ⁽³⁾ | 41,846,900 | 9.30 | 184,820,500 ⁽³⁾ |
| Teow Choo Hing | 71,064,600 | 14.21 | - | 71,064,600 | 15.79 | - |
| Datuk Phua Sin Mo | 70,000,000 | 14.00 | - | 70,000,000 | 15.56 | - |

Notes:

- (1) Based on 500,000,000 Shares as at LPD
- (2) Excluding a total of 50,000,000 Kitacon Shares, assuming the entire 10% of the total number of Kitacon Shares issued are bought-back by the Company and retained as Treasury Shares.
- (3) Deemed interested by virtue of his shareholding in Suan Neo Capital Sdn Bhd and Lembah Reka Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (4) Deemed interested by virtue of his son, Mr. Low Jia How.

6.2 Public Security Holding Spread

As at LPD, approximately 130,577,931 Shares representing 26.11% of the total number of issued shares of the Company are held by public shareholders. The public shareholding spread would be reduced to 17.90%, assuming that the Proposed Share Buy-Back is implemented in full and the shares are bought back from public shareholders.

The Board undertakes that any proposed purchase of the Kitacon Shares would only be conducted in accordance with laws prevailing at the time of the purchase including compliance with the public shareholding spread of the Company, which shall not fall below twenty-five percent (25%) of the total number of issued shares of the Company as required by the Listing Requirements.

7. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The financial effects of the Proposed Share Buy-Back are presented below based on the following assumptions:

- i) the purchase of own shares of up to 10% of the total number of Kitacon Shares issued is carried out in full; and
- ii) Kitacon Shares purchased are cancelled.

7.1 Total Number of Issued Shares

For illustration purposes only, the scenario below shows the movement of the total number of Kitacon Shares issued as at the LPD upon the implementation of the Proposed Share Buy-Back, assuming that 10% of the total number of Kitacon Shares issued are purchased and cancelled:

| | No. of Shares | % |
|--|----------------------|----------|
| Total number of issued shares as at LPD | 500,000,000 | 100.00 |
| Less : Maximum number of Shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back | (50,000,000) | 10.00 |
| Resulting total number of issued shares upon completion of cancellation of maximum number of Shares which may be purchased under the Proposed Share Buy-Back | 450,000,000 | 90.00 |

7.2 Net Assets

The Proposed Share Buy-Back may increase or decrease the net assets per share of Kitacon Group depending on the purchase price in comparison to the net assets per share of Kitacon Group at the time that the purchase is made.

7.3 Earnings

Depending on the number of Kitacon Shares purchased and the purchase price of the Kitacon Shares, the Proposed Share Buy-Back may increase the earnings per share of Kitacon Group. Similarly, on the assumption that the Kitacon Shares purchased are resold, the extent of the effect on earnings of Kitacon Group will depend on the actual selling prices, the number of Treasury Shares resold and the effective gain or interest savings arising.

8. IMPLICATIONS IN RELATION TO THE MALAYSIAN’S RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS (“RULES”)

Pursuant to Note 9 of Paragraph 4.01 of the Rules which deals with the obligation to make a mandatory offer pursuant to the purchase by a company of its own voting shares states that the Rules (which is in relation to mandatory offers) shall apply to the following persons (“Offeror”):

- (a) a person obtains control in a company as a result of a buy-back scheme by the company; or
- (b) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company), as a result of a buy-back scheme by the company, increase his holding of the voting shares or voting rights of the company by more than 2% in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the Securities Commission Malaysia (“SC”) under Paragraph 4.15 of the Rules subject to the Offeror and its parties acting-in-concert complying with the conditions stipulated in Paragraph 4.15 of the Rules.

The Company intends to implement the Proposed Share Buy-Back in the manner that will not result in any of the shareholders of Kitacon having to undertake a mandatory offer pursuant to the Rules. In this respect, the Board will be mindful of the requirements of the Rules when implementing the Proposed Share Buy-Back.

In the event that Kitacon decides to purchase its own shares which will result in the increase of the Offeror and its parties acting-in-concert’s shareholdings in Kitacon to be more than 2% in any six (6) months period, the Offeror and its parties acting-in-concert will seek a waiver from the SC under Paragraph 4.15 of the Rules before the Company purchases its shares.

9. HISTORICAL SHARE PRICE OF KITACON SHARES

The monthly highest and lowest prices of Kitacon Shares traded on the Bursa Securities for the last twelve (12) months from April 2023 to March 2024 are as follows:

| Month/Year | High (RM) | Low (RM) |
|-------------------|------------------|-----------------|
| 2023 | | |
| April | 0.640 | 0.565 |
| May | 0.600 | 0.565 |
| June | 0.615 | 0.600 |
| July | 0.675 | 0.605 |
| August | 0.675 | 0.640 |
| September | 0.665 | 0.640 |
| October | 0.690 | 0.660 |
| November | 0.680 | 0.640 |
| December | 0.655 | 0.640 |
| 2024 | | |
| January | 0.655 | 0.640 |
| February | 0.630 | 0.590 |
| March | 0.670 | 0.600 |

(Source: <https://www.bursamarketplace.com/mkt/themarket/stock/KUMP#ticket-section-chart>)

The last transacted price of Kitacon Shares on LPD was RM0.650.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the inadvertent increase in the percentage of the shareholding and/or voting rights of the shareholders as a consequence of the Proposed Share Buy-Back, none of the Directors, Major Shareholders of the Company and/or persons connected to them have any direct or indirect interest, in the Proposed Share Buy-Back or resale or transfer of Treasury Shares, if any.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board having considered all aspects of the Proposed Share Buy-Back and after careful consideration, is of the opinion that the terms and conditions of the Proposed Share Buy-Back are fair, reasonable and in the Company's best interest.

As such, the Board recommends that you vote in favour of the ordinary resolution in relation to the Proposed Share Buy-Back to be tabled at the 2nd AGM of the Company.

12. 2ND AGM

The ordinary resolution to vote on the Proposed Share Buy-Back is set out as Special Business in the Notice of the 2nd AGM contained in the Annual Report 2023 which was sent to you together with this Circular/Statement. The 2nd AGM will be held at Ballroom 2 @ Level 10, Courtyard by Marriott Setia Alam, No. 6, Jalan Setia Dagang AH U13/AH, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 25 June 2024 at 11.00 a.m.

If you are unable to attend and vote in person at the 2nd AGM, you should complete and return the Form of Proxy enclosed in the Annual Report to 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 Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

The completion and lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

13. FURTHER INFORMATION

Shareholders are advised to refer to the enclosed Appendix II for further information.

Yours faithfully,

For and on behalf of the Board
KUMPULAN KITACON BERHAD

DATUK DR. SITI HAMISAH BINTI TAPSIR
Chairperson
Independent Non-Executive Chairperson

Appendix I

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular/Statement has been seen and approved by the Directors of Kitacon who individually and collectively accept full responsibility for the accuracy of the information contained in this Circular/Statement and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement misleading in this Circular/Statement.

2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Kitacon and its subsidiary are not engaged in any material litigation, claims and/or arbitrations, either as plaintiff or defendant, and the Directors of Kitacon have no knowledge of any proceedings, pending or threatened against Kitacon Group, or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Kitacon Group.

3. MATERIAL CONTRACTS

Kitacon and/or its subsidiary have not entered into any contracts which are or may be material during the last two (2) years preceding the date of this Circular/Statement, other than the contracts entered into in the ordinary course of business.

4. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Registered Office of the Company at 52A, Lebuh Enggang, 41150 Klang, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (excluding public holidays) from the date of this Circular/Statement and up to the time set for convening the AGM:-

- (a) Constitution of Kitacon; and
- (b) Audited Financial Statements for the financial year ended 31 December 2023.

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Appendix II

EXTRACTS OF THE NOTICE OF THE 2ND AGM

AS SPECIAL BUSINESS

ORDINARY RESOLUTION 7

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

“**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 30 April 2024, 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 after that date 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 earlier.

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.”

ORDINARY RESOLUTION 8

PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

“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 utilize an amount not exceeding the audited retained profits as at 31 December 2023 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.”

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