



Property

KERJAYA
PROSPEK
PROPERTY
BERHAD

199401001358 (287036-X)

ANNUAL REPORT 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

| | |
|-----------------------------|---|
| Datin Toh Siew Chuon | <i>(Executive Chairperson)</i> |
| Tee Eng Seng | <i>(Executive Director)</i> |
| Kuan Ying Tung | <i>(Independent Non-Executive Director)</i> |
| Ir. Low Wuu Shin | <i>(Independent Non-Executive Director)</i> |
| Tee Sun Ee | <i>(Independent Non-Executive Director)</i> |

CORPORATE OFFICE / PRINCIPAL PLACE OF BUSINESS

No. 1, Jalan Wangsa Permai
First Floor, Bangunan One Wangsa
Taman Wangsa Permai
52200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel No. : (+603) 6277 2666
Fax No. : (+603) 6277 6222
Email : ir@kpproperty.com.my
Website : www.kpproperty.com.my

AUDIT AND RISK MANAGEMENT COMMITTEE

Kuan Ying Tung - Chairman
(Independent Non-Executive Director)

Ir. Low Wuu Shin
(Independent Non-Executive Director)

Tee Sun Ee
(Independent Non-Executive Director)

COMPANY SECRETARIES

Seow Fei San
(MAICSA 7009732)
(SSM Practising Certificate No. 201908002299)

Mok Mee Kee
(MAICSA 7029343)
(SSM Practising Certificate No. 201908002288)

AUDITORS

KPMG PLT (LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No. : (+603) 7721 3388
Fax No. : (+603) 7721 3399

NOMINATION COMMITTEE

Kuan Ying Tung - Chairman
(Independent Non-Executive Director)

Ir. Low Wuu Shin
(Independent Non-Executive Director)

Tee Sun Ee
(Independent Non-Executive Director)

REGISTERED OFFICE

802, 8th Floor, Block C, Kelana Square
17, Jalan SS 7/26, 47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No. : (+603) 7803 1126
Fax No. : (+603) 7806 1387
Email : eadvisory@epsilonas.com

PRINCIPAL BANKERS

AmBank Islamic Berhad
AmBank (M) Berhad
Hong Leong Islamic Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad

REMUNERATION COMMITTEE

Kuan Ying Tung - Chairman
(Independent Non-Executive Director)

Ir. Low Wuu Shin
(Independent Non-Executive Director)

Tee Sun Ee
(Independent Non-Executive Director)

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel No. : (+603) 2783 9299
Fax No. : (+603) 2783 9222
Email : is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : KPPROP
Stock Code : 7077

LEGAL STATUS

Public listed company limited by shares
Domiciled and incorporated in Malaysia

CORPORATE STRUCTURE

AS AT 30 JUNE 2023



Property

Kerjaya Prospek Property Berhad
199401001358 (287036-X)



PROFILE OF DIRECTORS

DATIN TOH SIEW CHUON

Executive Chairperson



DATIN TOH SIEW CHUON, a Malaysian, aged 57, female, is the Executive Chairperson of the Company and was appointed to the Board on 19 June 2018.

Datin Toh is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators and a member of the Association of Chartered Certified Accountants. She started her career and practiced in an audit firm, focusing on auditing and taxation. She has also accumulated more than 30 years of experience in a construction company after serving in the audit and taxation industry.

Datin Toh also sits on the Board of Kerjaya Prospek Group Berhad as an Executive Director.

Datin Toh is a major shareholder of the Company, sister-in-law of Mr. Tee Eng Seng, a director and major shareholder of the Company and spouse of Datuk Tee Eng Ho, a director of major subsidiaries of the Company and major shareholder of the Company.

TEE ENG SENG

Executive Director



TEE ENG SENG, a Malaysian, aged 54, male, is the Executive Director of the Company and was appointed to the Board on 19 June 2018.

Mr. Tee started on his career working in construction related companies and has more than 30 years of experience in Civil and Building Construction.

Mr. Tee also sits on the Board of Kerjaya Prospek Group Berhad and Eastern & Oriental Berhad as an Executive Director.

Mr. Tee is a major shareholder of the Company, brother-in-law of Datin Toh Siew Chuon, a director and major shareholder of the Company and brother of Datuk Tee Eng Ho, a director of major subsidiaries of the Company and major shareholder of the Company.

PROFILE OF DIRECTORS (CONT'D)

KUAN YING TUNG

Independent Non-Executive Director



KUAN YING TUNG, a Malaysian, aged 41, male, was appointed to the Board on 5 November 2018 as Independent Non-Executive Director. He is also the Chairman of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Mr. Kuan brings with him a wealth of experience in the audit practice, accounting and financial management since 2005 in professional services firms. He was also involved in different assignments such as Initial Public Offerings (IPO), due diligence, bonds issuance, mergers and acquisitions.

He is a member of Malaysian Institute of Accountants and Certified Practising Accountants Australia. He holds a degree in Accounting, Banking and Finance from Monash University Malaysia. He is currently the Audit Partner of a public accounting firm.

IR. LOW WUU SHIN

Independent Non-Executive Director



IR. LOW WUU SHIN, a Malaysian, aged 48, male, is an Independent Non-Executive Director of the Company and was appointed to the Board on 5 November 2018. He is also a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Ir. Low has over 20 years of experience in Civil, Structure and Geotechnical Consulting industry.

He is a member of the Institution of Engineering, Malaysia. He holds a degree in Civil Engineering from University Technology Malaysia and Master of Philosophy in Civil Engineering from the University of Nottingham.

He is currently holding the position of a Director in private companies involved in consultancy in Civil, Structure and Geotechnical and property development.

PROFILE OF DIRECTORS (CONT'D)

TEE SUN EE

Independent Non-Executive Director



TEE SUN EE, a Malaysian, aged 72, male, is an Independent Non-Executive Director of the Company and was appointed to the Board on 22 November 2018. He is also a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Mr. Tee started his career as a teacher in vocational school. He has more than 30 years of experience in printing industry.

He is currently holding the post of a Director in private companies involved in printing and hotel businesses.

ADDITIONAL INFORMATION ON THE PROFILE OF DIRECTORS:-

Save as disclosed in the Profile of Directors,

Family Relationship with Directors and/or Major Shareholders

- None of the other Directors have any family relationships with any director and/or major shareholder of the Company;

Conflict of Interests with the Company

- Save for the recurrent related party transactions disclosed on page 70-71 of this Annual Report, none of the directors have any conflict of interests with the Company;

Conviction for Offences

- None of the directors have any conviction for offences other than traffic offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year;

Attendance of Board Meetings

- The attendance of the Directors at Board Meetings held during the financial year ended 31 March 2023 is disclosed in page 51 of the Corporate Governance Overview Statement contained in this Annual Report; and

Directors' Shareholding

- Details of the Directors' interest are disclosed in the Analysis of Shareholdings contained in this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

DATIN TOH SIEW CHUON

Executive Chairperson

Please refer to Datin Toh Siew Chuon's profile on page 4.

TEE ENG SENG

Executive Director

Please refer to Tee Eng Seng's profile on page 4.

JOANNE LEE SOR PHAIK

Chief Executive Officer ("CEO")



JOANNE LEE SOR PHAIK, a Malaysian, aged 53, female, is the Chief Executive Officer of the Company and was appointed on 13 July 2023.

Ms. Joanne Lee brings with her over 30 years of professional experience across various industries from property development, construction, manufacturing, food & beverage, hospitality, retail, gaming & leisure, and healthcare & agriculture.

Graduated from the National University of Malaysia, specialising in the Bachelor of Business Administration, Ms. Joanne Lee served in multinational and public listed companies such as Fujitsu, Lion Group, and Lafarge Roofing. Backed by strong business acumen, she solidified her expertise in the marketing and sales, business development, procurement, purchasing, and trading. Her career spanned across various industries such as Deputy Chief Executive Officer of Tropicana Corporation Berhad, Head of Procurement for IGB Berhad, General Manager of Nam Fatt Marketing Sdn Bhd as well as Chief Operations Officer of Food & Beverage division at TT Resources Bhd. She has successfully set up, established, and centralised all group sourcing as well as procurement activities which have led to significant cost savings and quality delivery.

Ms. Joanne Lee has played an integral role in the growth and expansion of Tropicana Corporation Berhad since 2010. With the support of Tropicana management team, she led the Marketing & Sales division and Business Development division by strategically leading all sales, marketing, and business development activities locally and internationally. Her leadership qualities, agility, and foresight contributed to customer care & engagement exercise and brand enhancement & marketing campaigns.

Currently, Ms. Joanne Lee is appointed as the CEO of Kerjaya Prospek Property Berhad. Together with the management team, Ms. Joanne Lee will helm the growth and evolution of the Group, providing robust transformation strategy to drive more value and returns.

She is also a member of the Malaysian Institute of Purchasing and Materials Management ("MIPMM") and Building Materials Distributors Association of Malaysia ("MBAM").

Ms. Joanne Lee who appointed after financial year does not have any interest in the securities of the Company or its subsidiaries. She does not hold any directorship in any public company and listed issuer. She does not have any family relationship with any Directors and/or major shareholders of the Company, nor any conflict of interest with the Company. She does not have any conviction for offences other than traffic offences within the past 5 years, nor public sanction or penalty imposed by the relevant regulatory bodies.

Bloomsvale, Old Klang Road, Kuala Lumpur



BLOOMSVALE
MENARA VISTA PETALING @ OKR

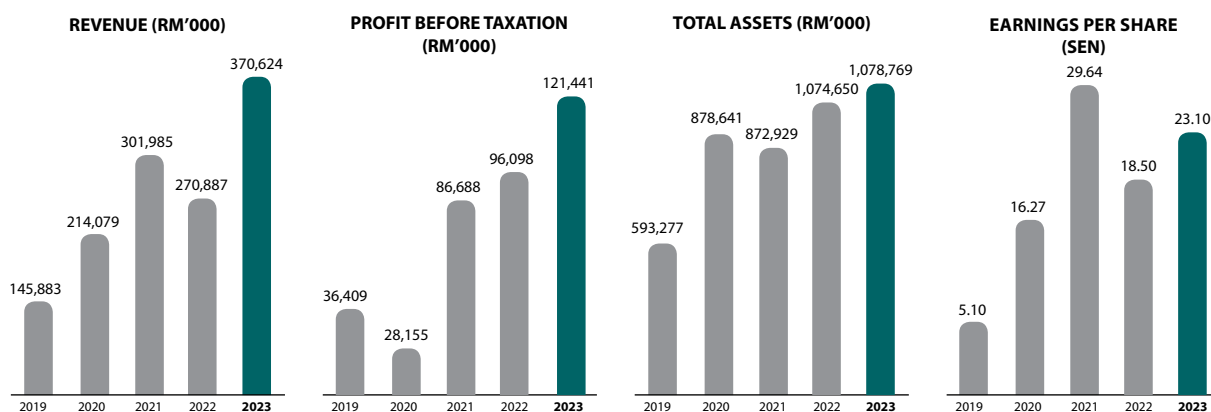


GROUP FINANCIAL HIGHLIGHTS

| FINANCIAL YEAR ENDED 31 MARCH | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------|---------|---------|-----------|-----------|
| FINANCIAL PERFORMANCE (in RM'000) | | | | | |
| Revenue | 145,883 | 214,079 | 301,985 | 270,887 | 370,624 |
| Profit Before Taxation | 36,409 | 28,155 | 86,688 | 96,098 | 121,441 |
| Profit For The Year | 27,823 | 21,241 | 63,105 | 73,322 | 91,516 |
| Profit Attributable to Owners of the Company | 27,823 | 21,238 | 63,091 | 73,285 | 91,512 |
| FINANCIAL POSITION (in RM'000) | | | | | |
| Total Assets | 593,277 | 878,641 | 872,929 | 1,074,650 | 1,078,769 |
| Total Liabilities | 341,094 | 560,797 | 386,938 | 516,190 | 443,796 |
| Net Current Assets | 198,347 | 157,973 | 258,599 | 293,460 | 257,429 |
| Net Assets | 252,183 | 317,844 | 485,991 | 558,460 | 634,973 |
| Cash and Cash Equivalents | 9,911 | 78,756 | 67,362 | 126,383 | 158,021 |
| Total Borrowings | 108,618 | 287,311 | 135,125 | 239,832 | 196,336 |
| Equity Attributable to Owners of the Company | 252,183 | 317,594 | 485,727 | 558,159 | 634,668 |
| Issued Share Capital | 56,629 | 132,835 | 260,557 | 282,165 | 282,165 |
| No. of ordinary shares ('000) | 552,440 | 200,142 | 350,142 | 400,142* | 400,142* |
| KEY FIGURES | | | | | |
| Earnings Per Share (sen) | 5.10 | 16.27 | 29.64 | 18.50 | 23.10 |
| Dividend Per Share (sen) | – | – | – | – | 3.00 |
| Net Assets Per Share (RM) | 0.46 | 1.59 | 1.39 | 1.41 | 1.66 |
| Net Debt to Equity Ratio | 0.39 | 0.66 | 0.14 | 0.20 | 0.06 |

The financial information stated above for financial year 2019 refer to the financial results of the Combined Entities due to the reverse accounting, with the exception of the issued share capital and number of ordinary shares which reflect the equity structure of the Company.

* included treasury shares







On behalf of the Board, I wish to express our heartfelt gratitude and appreciation to all our clients, business associates, and shareholders for their unwavering support. It has been an excellent year for the Group as we have weathered well and has continued to grow year-on-year despite the many uncertainties, challenges reigning over the unprecedented labour shortages, inflation of material costs, and interest rate hikes.

The Group's performance remains robust in terms of financial strength as the Group recorded a revenue of RM370.6 million for the financial year ended ("FYE") 2023, which we see a remarkable growth of 37% as compared to RM270.9 million for the FYE 2022. Our net profit grew by 25% to RM91.5 million for the FYE 2023, as compared to RM73.3 million in FYE 2022.

Our strong determination and well-planned strategy have resulted us in concluding yet another year of profitability as the Group's total remaining gross development value (RGDV) for ongoing and upcoming property developments currently stands at RM3.5 billion. While we hold investment properties valued at RM828 million to ensure recurring income growth, our Group's cash flow remained robust with ongoing sales recognition from property and interest earned from its cash and cash equivalents which currently stand in excess of RM150 million.

We are very pleased to announce that our mixed development project, Bloomsvale at Old Klang Road, Kuala Lumpur, is scheduled for completion in the financial year ending 2024. The forthcoming hotel, retail mall, and office suites hold a great potential to further enrich recurring earnings and to enhance our overall performance. This year, we will be also be launching another project in Sentul, Kuala Lumpur, with an estimated Gross Development Value of RM220 million.

In the meantime, we will continue to capitalise and expand our strategic land bank to ensure that we are aligned with the latest market trends. With favourable gearing levels and our financial resilience, we are very confident as we are very well-positioned to pursue further land acquisitions or to explore any potential joint ventures.

Looking ahead, we are confident that the Group will remain resilient to steer through any challenging outlook ahead of us as we continue to grow our business sustainably. I thank our Board of Directors, stakeholders, shareholders, management and employees for their unwavering support throughout.

Datin Toh Siew Chuon
Executive Chairperson
26 July 2023



MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Kerjaya Prospek Property Berhad ("KPPROP" or the "Group") is involved in the property development and hospitality businesses primarily in Malaysia.

At KPPROP, we envision a future where we stand as the unrivaled and esteemed leader, exemplifying trust and preference, in the realm of property development products and services.

Driven by an unwavering commitment, we at KPPROP strive relentlessly for excellence, channeling our efforts to deliver nothing short of superior quality products and services to our cherished customers, precisely when they need them. We dedicate ourselves to nurturing our human capital, fostering a compassionate employer-employee relationship, while simultaneously generating value for our esteemed shareholders. Additionally, we firmly believe in our role as responsible corporate citizens, ensuring our actions positively impact both the community and the environment.

Our Core Values

Sustainable Profitability: We passionately pursue profitability while embracing sustainability at every step, as we recognise the vital role we play in securing a better and greener future for generations to come.

Building a Resilient Workforce: Our workforce stands as the bedrock of our success, and we are committed to empowering them, fostering resilience, and instilling adaptability, which enables us to surmount challenges with unparalleled fortitude.

Conserving Our Environment: With an unyielding dedication to preserving the environment, we integrate eco-conscious practices throughout our operations, ensuring that our journey towards growth is in harmony with nature's delicate balance.

In unity, these principles propel us forward, guiding every decision we make and every action we take, as we leave an indelible mark in the property development industry and beyond.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Property Development

Introducing The Group's illustrious property development portfolio, thoughtfully positioned at key locations across Klang Valley, Penang, Johor, and Melaka. With an unwavering dedication to crafting extraordinary living spaces, we invite you to explore our world of elegance and sophistication.

Among our stellar projects, the current jewel in our crown is Bloomsvale at Old Klang Road, Kuala Lumpur, with Gross Development Value ("GDV") of approximately RM1.3 billion. This mixed development boasts two majestic serviced-residence towers, an upscale shopping mall, cutting-edge offices, and an opulent hotel, all interwoven harmoniously.



Celebrating our accomplishments, we proudly present a selection of successfully completed projects:

- Straits Residences at Seri Tanjung Pinang, Penang
- Kaleidoscope at Setiawangsa, Kuala Lumpur
- G Residence at Plentong, Johor
- Residency V at Old Klang Road, Kuala Lumpur
- The Shore at Melaka River



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Hospitality

Embracing the essence of Melaka's vibrant culture, the hospitality segment in this charming city encompasses a delightful array of hotel operations, exquisite dining experiences, and recreational delights. At the heart of Melaka, you'll find an enchanting selection of establishments that exemplify true hospitality:

- Swiss-Garden Hotel Melaka
- The Shore Hotel & Residences
- Mio Boutique Hotel
- The Shore Sky Tower
- The Sky Deli Restaurant



REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

| Our Financial Performance | Audited FYE 2023 RM'000 | Audited FYE 2022 RM'000 | Variance | |
|---------------------------|-------------------------------|-------------------------------|----------|--------|
| | | | RM'000 | % |
| Revenue | 370,624 | 270,887 | 99,737 | 36.8 |
| Gross profit ("GP") | 138,416 | 115,208 | 23,208 | 20.1 |
| Operating expenses | 18,203 | 16,290 | 1,913 | 11.7 |
| Finance income | 4,824 | 1,691 | 3,133 | 185.3 |
| Finance costs | 1,416 | 1,503 | (87) | (5.8) |
| Profit before tax ("PBT") | 121,441 | 96,098 | 25,343 | 26.4 |
| Profit after tax ("PAT") | 91,516 | 73,322 | 18,194 | 24.8 |
| GP margin (%) | 37.3% | 42.5% | (520 bp) | (12.2) |
| PBT margin (%) | 32.8% | 35.5% | (270 bp) | (7.6) |
| PAT margin (%) | 24.7% | 27.1% | (240 bp) | (8.8) |

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Revenue

| Revenue by segment | Audited FYE 2023 | Audited FYE 2022 | Variance | |
|--|---------------------|---------------------|---------------|-------------|
| | RM'000 | RM'000 | RM'000 | % |
| Property development | 323,069 | 243,372 | 79,697 | 32.7 |
| Hospitality, food and beverage and recreation | 42,745 | 24,334 | 18,411 | 75.7 |
| Others | 4,810 | 3,181 | 1,629 | 51.2 |
| | 370,624 | 270,887 | 99,737 | 36.8 |

Our Group's revenue increased from RM270.9 million in FYE 2022 to RM370.6 million in FYE 2023, representing a year-on-year ("YoY") increase of RM99.7 million or 36.8%. The Property Development segment continued to be the major contributor to the Group's revenue. The better performance in FYE 2023, as compared to FYE 2022, was primarily due to the higher progressive recognition from the on-going development - Bloomsvale at Old Klang Road, Kuala Lumpur, as well as sales of completed properties, particularly Straits Residences at Seri Tanjung Pinang, Penang.

Meanwhile, the Hospitality segment reported an increase in revenue of RM18.4 million, rising from RM24.3 million in FYE 2022 to RM42.7 million in FYE 2023. This growth mainly contributed by higher room occupancy rate, average room rate, and increased business volume resulting from the reopening of international borders.

Additionally, revenue from Others segment, related to distribution of electricity and leasing of properties, also showed an increase of RM1.6 million or 51.2%, rising from RM3.2 million in FYE 2022 to RM4.8 million in FYE2023, primarily attributable to the growth in business volume.

Gross profit

In FYE 2023, the Group recorded a GP of RM138.4 million, marking a notable increase from the RM115.2 million achieved in FYE 2022, representing a YoY growth of RM23.2 million or 20.1%, primarily driven by the higher revenue as discussed above. Nevertheless, the GP margin for FYE 2023 decreased by 520 basis points ("bp") as compared to FYE 2022. This decrease can be attributed to lesser revenue contribution from Straits Residences, a project with a higher GP margin, in FYE 2023 as compared to FYE 2022.

The Group remains committed to maintaining cost discipline and optimisation through leveraging our operational excellence and cost optimisation initiatives.

Profit before tax

Building on the abovementioned analysis, our PBT increased by RM25.3 million or 26.4%, reaching RM121.4 million in FYE 2023, compared to RM96.1 million in FYE 2022. This substantial increase can be attributed to the rise in gross profit as discussed above.

During the financial year, operating expenses increased by 11.7% to RM18.2 million, compared to RM16.3 million in the previous financial year. This was primarily due to an increase in staff costs, reflecting the Group's continued focus on talent building and development to support our businesses. Additionally, we required extra manpower to effectively bolster and sustain our expanding operations.

Furthermore, total finance income experienced an increase of RM3.1 million, reaching RM4.8 million. This increase was mainly attributable to the rise in cash and cash equivalents of RM31.6 million (from RM126.4 million as of 31 March 2022 to RM158.0 million as of 31 March 2023), which was contributed from operating activities.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

| Our Financial Position | Audited As at 31 March 2023 | Audited As at 31 March 2022 | Variance | |
|---|-----------------------------------|-----------------------------------|----------|--------|
| | RM'000 | RM'000 | RM'000 | % |
| Non-current assets | 609,539 | 533,119 | 76,420 | 14.3 |
| Current assets | 469,230 | 541,531 | (72,301) | (13.4) |
| Non-current liabilities | 231,995 | 268,119 | (36,124) | (13.5) |
| Current liabilities | 211,801 | 248,071 | (36,270) | (14.6) |
| Equity attributable to owners of the Company | 634,668 | 558,159 | 76,509 | 13.7 |

Assets

Non-current assets primarily consist of property, plant, and equipment, as well as land held for property development. These non-current assets increased from RM533.1 million as of 31 March 2022 to RM609.5 million as of 31 March 2023. This growth can be largely attributed to:

- Addition of a freehold land held for property development, amounting to RM27.6 million, located at Batu Kawan, Penang.
- Additions of property, plant, and equipment totaling RM40.6 million, mainly consisting of assets under construction, including offices, a shopping mall, and a hotel.

Current assets mainly comprise inventories, cash and cash equivalents, trade and other receivables, and contract costs. Current assets decreased from RM541.5 million as of 31 March 2022 to RM469.2 million as of 31 March 2023, primarily influenced by:

- A decrease in inventories amounting to RM90.5 million, thanks to encouraging sales in Bloomsvale (properties under development) and Straits Residences (completed properties).
- A decrease in trade and other receivables by RM11.0 million, mainly due to the collection of retention sum receivables for completed projects.
- Partially offset by an increase in cash and cash equivalents totaling RM31.6 million, mainly contributed by the cash flow generated from operating activities.

Liabilities

Non-current liabilities consist of loans and borrowings, deferred tax liabilities, trade payables, and Redeemable Convertible Preference Shares ("RCPS"). These liabilities decreased by RM36.1 million or 13.5% YoY to RM232.0 million as of 31 March 2023 (2022: RM268.1 million). The main reasons for this decrease were:

- A decrease in loans and borrowings of RM33.4 million due to repayment of term loans.
- A decrease in RCPS of RM7.5 million due to the payment of RCPS dividends.

Current liabilities mainly include trade and other payables, contract liabilities, short-term loans and borrowings and RCPS. These liabilities decreased by RM36.3 million or approximately 14.6% YoY to RM211.8 million as of 31 March 2023 (2022: RM248.1 million). The primary drivers for this decrease were:

- A decrease in contract liabilities by RM16.4 million, due to revenue recognised on property sales higher than progress billings made during the financial year.
- A reduction in trade and other payables by RM15.4 million due to lesser advance consideration received from customers.
- A reduction in loans and borrowings of RM10.1 million due to repayment of term loans and revolving credit.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Liquidity, capital resources and gearing

As of 31 March 2023, cash and cash equivalents increased by RM31.6 million, or 25.0%, reaching RM158.0 million compared to RM126.4 million as of 31 March 2022.

The Group experienced a net cash inflow of RM180.7 million from operating activities in FYE 2023, compared to RM140.4 million in FYE 2022. This positive cash flow indicates that the core business activities of the Group are thriving. The increase can be attributed to improved business performance in both the property development and hospitality segments.

Conversely, net cash used in investing activities decreased from RM173.6 million in FYE 2022 to RM81.7 million in FYE 2023. This reduction is primarily due to more land acquisitions in FYE 2022, specifically in Sentul, Damansara Damai, and Seksyen 13 Petaling Jaya.

Furthermore, net cash used in financing activities reported RM67.4 million in FYE 2023, compared to net cash generated from financing activities of RM92.2 million in FYE 2022. The net cash inflow in FYE 2022 was mainly a result of a terms loan drawdown amounting to RM104.7 million, primarily to finance the land acquisition. In FYE 2023, RM43.5 million was used for loan repayments, RM16.7 million for payment of ordinary and RCPS dividends, and RM7.2 million for repurchasing of treasury shares.

Our gearing ratio decreased from 0.20 times as of 31 March 2022 to 0.06 times as of 31 March 2023, attributed to the decrease in net debt (Total borrowings less cash and cash equivalents) of the Group. Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds primarily consist of shareholders' equity and cash generated from our operations, while the external source of funds comprises bank borrowings and credit terms granted by our suppliers.

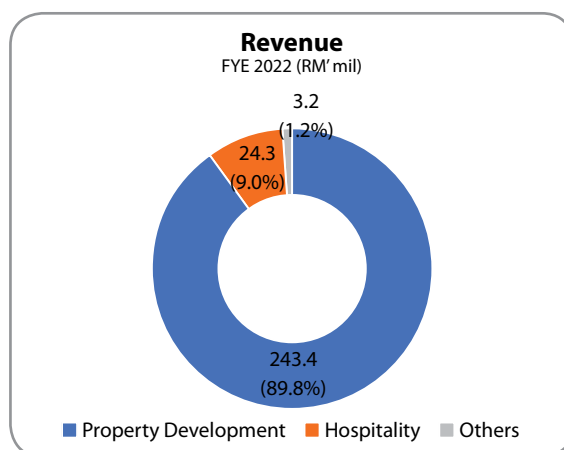
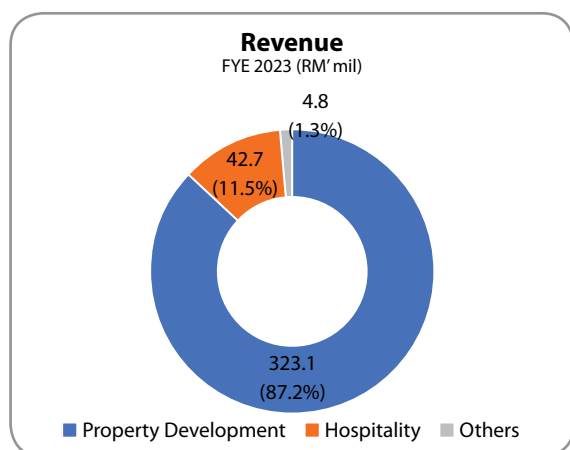
Management believes that considering our cash and cash equivalents and the expected funds from our business operations, we will have adequate working capital to meet our present and foreseeable day-to-day business operation requirements. The Group remains prudent in maintaining a sound financial position that enables the execution of our strategic objectives in creating value over the coming years.

With regards to any other known trends and events that may have a material effect on our operations, performance, financial condition, and liquidity, there are none that we are aware of as of now.

As of 31 March 2023, there are no outstanding capital commitments.

REVIEW OF OPERATING ACTIVITIES

In FYE 2023, revenue from the property development segment was RM323.1 million, which constituted 87.2% of the total revenue (2022: RM243.4 million and 89.8%) while revenue from hospitality segment was RM42.7 million, which constituted 11.5% (2022: RM24.3 million and 9.0%) of the total revenue.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Property Development Segment

| Revenue | Audited FYE 2023 | Audited FYE 2022 | Variance | |
|--------------------------------|---------------------|---------------------|---------------|-------------|
| | RM'000 | RM'000 | RM'000 | % |
| Property development | | | | |
| - property under development | 209,301 | 173,610 | 35,691 | 20.6 |
| - sale of completed properties | 113,768 | 69,762 | 44,006 | 63.1 |
| | 323,069 | 243,372 | 79,697 | 32.7 |

The property development segment generated revenue of RM323.1 million, compared to RM243.4 million in the preceding financial year, representing a YoY increase of RM79.7 million or 32.7%. The increase in revenue was mainly due to higher progressive recognition from the ongoing development - Bloomsvale at Old Klang Road, Kuala Lumpur, as well as sales of completed properties, particularly Straits Residences at Seri Tanjung Pinang, Penang.

Breakdown of revenue from Property Development segment:

| Projects | Status | Type of Development | Audited FYE 2023 (RM'mil) | Audited FYE 2022 (RM'mil) |
|---------------------------|-----------|---|---------------------------------|---------------------------------|
| Bloomsvale | On-going | Mixed development | 209.3 | 120.3 |
| Straits Residences | Completed | Serviced apartments | 109.8 | 117.3 |
| Other projects | Completed | Mixed development and Serviced apartments | 4.0 | 5.8 |
| | | | 323.1 | 243.4 |

Despite the softer property demand in Malaysia, we are delighted to report that both our Bloomsvale (residential) and Straits Residences continue to achieve remarkable take-up rates of 96% (FYE 2022: 85%) and 99% (FYE 2022: 83%) respectively. These outstanding figures reflect the unwavering customer confidence in our brand.

We are very pleased to announce that our Bloomsvale is scheduled for completion in FY2024. The forthcoming hotel, retail mall, and office suites hold a great potential to further enrich recurring earnings and to enhance our overall performance.

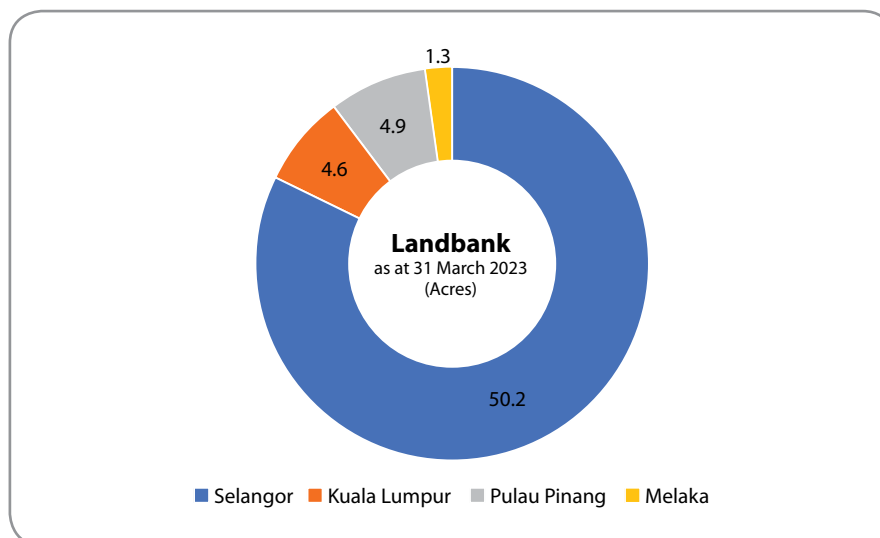
The Group is acutely aware of the significance of replenishing its landbank to ensure a sustainable project pipeline for the future growth of the Group. The Management consistently conducts in-depth feasibility studies and thorough deliberations before making any decisions regarding the acquisition of potential new lands.

In the preceding financial years, the Group substantially expanded its property development segment by undertaking several strategic land acquisitions. These acquisitions have positioned the Group strongly, enabling us to unlock the full potential of our strategic landbank and deliver sustainable earnings well into the future.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

| Financial Year of Acquisition | Location | State | Tenure | Land Size (acres) | Purchase Consideration (RM'mil) | Estimated GDV (RM'mil) |
|-------------------------------|---------------------------|---------------------|-----------|-------------------|---------------------------------|------------------------|
| 2022 | Jalan Puchong | Wilayah Persekutuan | Freehold | 2.3 | 25.2 | 200 |
| 2022 | Sentul | Wilayah Persekutuan | Freehold | 2.3 | 30.1 | 220 |
| 2022 | Seksyen 13, Petaling Jaya | Selangor | Leasehold | 5.1 | 81.5 | 650 |
| 2022 | Damansara Damai | Selangor | Leasehold | 6.5 | 42.0 | 430 |
| 2023 | Bandar Cassia, Batu Kawan | Pulau Pinang | Freehold | 4.9 | 27.6 | 630 |

As of 31 March 2023, our total landbank size stands at 61 acres.



Hospitality Segment

The hospitality business segment showcased remarkable growth in FYE 2023, achieving a revenue of RM42.7 million — a significant increase of RM18.4 million or 75.7% compared to the RM24.3 million recorded in FYE 2022. This substantial boost in revenue reflects the positive momentum achieved by the Group's hospitality segment, with a primary focus on Swiss-Garden Hotel Melaka and The Shore Hotel & Residences, both strategically located in the heart of Melaka.

As mobility restrictions gradually eased, the performance of our hospitality segment started to witness notable improvements. The lifting of travel restrictions played a pivotal role in fostering a resurgence in domestic and global tourism. As a direct consequence of these developments, our hospitality business segment experienced a surge in business volume, resulting in enhanced results for FYE 2023.

The promising upward trajectory in both revenue and business volume for our hospitality segment lays a strong foundation for continued growth and prosperity in the years to come. We are steadfast in our commitment to providing exceptional guest experiences and delivering value to our stakeholders, solidifying our position as a leading player in the hospitality industry of Melaka.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

ANTICIPATED OR KNOWN RISKS

Below, we highlight the key anticipated or known risks to which our Group is exposed, which could have a significant impact on our operations, performance, financial condition, and liquidity. Furthermore, we disclose our plans and strategies to mitigate these risks:

(i) Business risks

Our Group's primary involvement lies in property development and the hospitality business. Consequently, we are susceptible to inherent risks within these industries. Such risks encompass, among others, disease outbreaks affecting local and global markets, escalating labour and raw material costs, availability of skilled personnel, changes in laws and regulations applicable to our business, and fluctuations in business and credit conditions. Any material changes to these factors could have a substantial adverse effect on our Group's business operations.

Nevertheless, our Group has been implementing effective measures to mitigate the aforementioned risks. We prioritise prudent financial management and efficient operating procedures while staying abreast of economic and regulatory changes relevant to our business.

(ii) Operational risks

Inherent in day-to-day operations, operational risks are unavoidable in pursuit of the Group's strategic goals. Therefore, effective risk management and internal control systems, along with competent human resources, are vital in managing these risks effectively. The Group recognises these needs and continually seeks to implement enhancements and improvements to maintain resilience.

We have established standard operating policies and procedures that are regularly reviewed and updated to adapt to changing risks or address operational deficiencies. Instances of non-compliance with these policies and procedures are reported by the Group Internal Audit. Senior management holds regular meetings to discuss and resolve operational issues.

(iii) Financial risk

The Group acknowledges the potential risks related to cash flow liquidity, fluctuations in interest rates, and credit risk exposure to external counterparties.

To manage these respective financial risks, the Group has put in place financial risk management policies, as disclosed in Note 25 of the Financial Statements, from pages 133 to 146.

(iv) Competition risks

Our Group's revenue and profitability are subject to uncertainties arising from global and local economic conditions. Additionally, we face competition from existing and new competitors capable of offering similar services and products. While we continuously strive to maintain our competitiveness, changes in the competitive environment may significantly impact our business and financial performance.

Nonetheless, we remain committed to sustaining our competitive edge by ensuring the quality of our services and products through stringent quality assurance procedures. Furthermore, we place great importance on improving our products through investments in market research and product development activities.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

FORWARD-LOOKING STATEMENT

Property Development

The Company remains committed to expanding its property portfolio in Malaysia, with a focus on introducing new and innovative residential, commercial, and mixed-use projects. These developments will be designed with an emphasis on sustainable practices, modern amenities, and catering to the evolving needs of our customers.

We are optimistic about achieving continued growth and expanding our presence in key cities and regions across Malaysia, building upon our solid track record in the real estate industry. The success of our future projects will depend on various factors, including market conditions, customer demand, and regulatory considerations.

In alignment with our commitment to customer satisfaction, the Company will continuously monitor market trends and consumer preferences. This approach will enable us to adapt our projects to meet the changing demands of the real estate market, ensuring that we remain a preferred choice among buyers and investors.

While we aim to maintain a robust financial position through prudent financial management and effective cost control, it is important to acknowledge that economic uncertainties, interest rates, and currency fluctuations may impact our financial performance.

As a responsible corporate citizen, the Company recognises the importance of complying with all relevant laws, regulations, and policies governing the real estate industry in Malaysia. Any changes in the regulatory environment may affect project timelines and costs, and we are committed to upholding the highest standards of legal and ethical conduct.

We also acknowledge the existence of external factors that are beyond our control, such as natural disasters, geopolitical events, or economic downturns, which may influence the property market and, in turn, impact our project schedules, sales, and financial performance.

We will maintain a close monitoring of our key performance indicators while upholding stringent cost efficiency measures and making digital improvements. Additionally, we will carefully rationalise our launches. Our objective is to capitalise on market needs and trends by offering quality homes complemented with attractive pricing, innovative ownership packages, and top-notch facilities.

The Group is continuously aware of and actively manages the timeline of new launches. We are also mindful of handling unsold inventories of ongoing projects and completed units. As a result, the Group remains cautious about new launches as we continue to strengthen our business recovery plan for the future. We are planning to launch new residential properties with an approximate Gross Development Value (GDV) totaling RM395 million. Out of this amount, RM220 million will be from the project located in Sentul, and the balance of RM175 million will be from the project situated in Shah Alam.

In addition, the Group will actively seek strategic landbank opportunities to sustain our long-term growth. We will focus on acquiring new landbanks, especially those strategically located in the Klang Valley, to create stronger pipelines and bolster future revenue streams. Our goal is to unlock our landbank at the right location and at the right price point. As of 31 March 2023, the Group holds a landbank of approximately 61 acres for future developments and upcoming launches.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Hospitality

In FYE 2024, our outlook remains optimistic, anticipating a continuous resurgence in Malaysia's hotel market. We firmly believe that domestic tourism will reach a stable and thriving level, while the gradual return of foreign travelers will further bolster the demand. The revitalisation of the MICE (Meetings, Incentives, Conferences, and Exhibitions) market, catering to both government and corporate events, is also evident, as pent-up demand unfolds for these group activities after the COVID Pandemic.

Moreover, we hold hope that the Tourism Ministry's dedicated efforts to showcase Malaysia as a highly desirable holiday destination will significantly contribute to an upsurge in visitor arrivals to our beautiful country. With its breathtaking landscapes, rich cultural heritage, and warm hospitality, Malaysia is set to attract a growing number of travelers seeking unforgettable experiences.

The Group is currently working on a new 4-star hotel, namely Courtyard by Marriott, Kuala Lumpur South at Bloomsdale. The hotel is scheduled for completion in the financial year ending 31 March 2024. The new hotel is expected to provide additional recurring earnings and contribute to the Group's overall performance.

The Group remains committed to pursuing long-term growth in the hospitality segment. Hence, the Group plans to ramp up its operations in line with the increase in demand, while proactively managing its cost structure and strategically pricing the room rates to better adapt to the fluid operating environment.



DIVIDEND

To reward our esteemed shareholders, the Company declared and paid the following interim dividends in respect of the financial year ended 31 March 2023:

| Interim Dividend | Per Share | Date of declaration | Date of payment | Amount (RM'000) |
|------------------|-----------|---------------------|-------------------|-----------------|
| First | 1.0 sen | 23 August 2022 | 28 September 2022 | 3,922 |
| Second | 1.0 sen | 24 February 2023 | 30 March 2023 | 3,841 |
| Third | 1.0 sen | 26 May 2023 | 4 July 2023 | 3,676 |
| | | | | 11,439 |

The total dividend payout for the financial year ended 31 March 2023 was 3.0 sen per ordinary share, amounting to RM11.4 million, which is equivalent to 12.5% of profit attributable to owners of the Company in FYE 2023.

In light of the Group's current working capital and capital expenditure requirements in the near term, the Company has not adopted a formal dividend policy. The payment of dividends will depend upon several factors, including earnings, capital commitments, general financial conditions, distributable reserves, and other considerations taken into account by the Board.



SUSTAINABILITY REPORT

Kerjaya Prospek Property Berhad (“KPPROP” or the “Company”) is pleased to present this Sustainability Report (“Report”) which discloses the concepts, practices, and performances of the economic, environmental, social, and governance risks and opportunities of KPPROP and its subsidiaries (“KPPROP Group” or the “Group”).

We prioritise sustainability as a core value and we do not merely view sustainability as an idealistic concept, but rather as a practical undertaking with measurable outcomes. We also recognise our obligations to our industry, environment, our people, and community. We consistently and proactively evaluate the environmental consequences of our businesses, foster the growth and development of our workforce, and build meaningful connections with the local communities we serve.

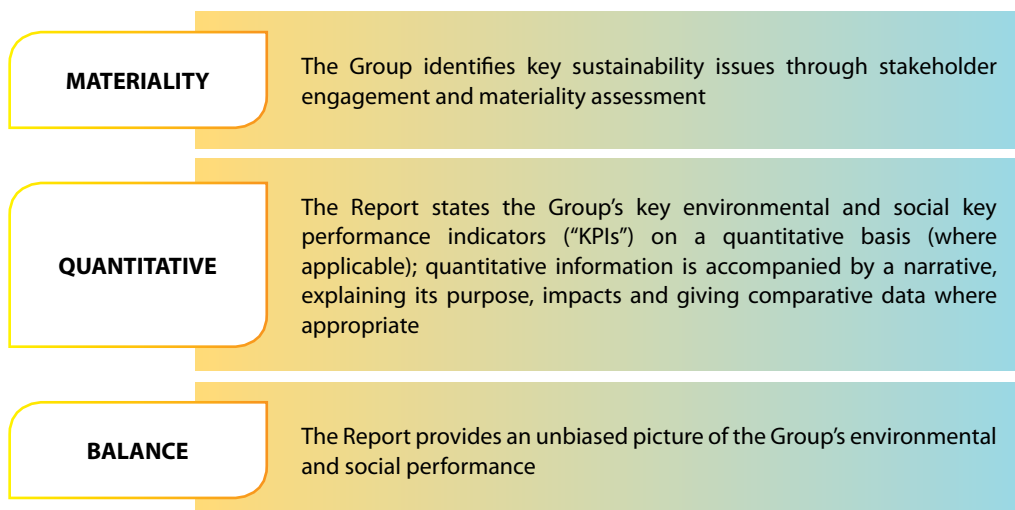
As KPPROP Group continuously drives business performance, we are also relentlessly pursuing improvements in how we do business and our business sustainability. In response to the latest introduction of amendments to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) in relation to sustainability-related disclosures, KPPROP Group has also undertaken an exercise to review its sustainability-related processes including data gathering to enable the Group to be better prepared to comply when the amendments come into effect moving forward.

REPORTING SCOPE AND PERIOD OF THE REPORT

The scope of this Report includes the Group’s two main businesses, namely Property Development and Hospitality, for the reporting period from 1 April 2022 to 31 March 2023 (“FY2023”), unless otherwise stated. All information in this Report is disclosed at the Group level, unless otherwise stated.

This Report is prepared in accordance with the Bursa’s MMLR and has considered elements of the Sustainability Reporting Guide – 3rd Edition and its accompanying Toolkits.

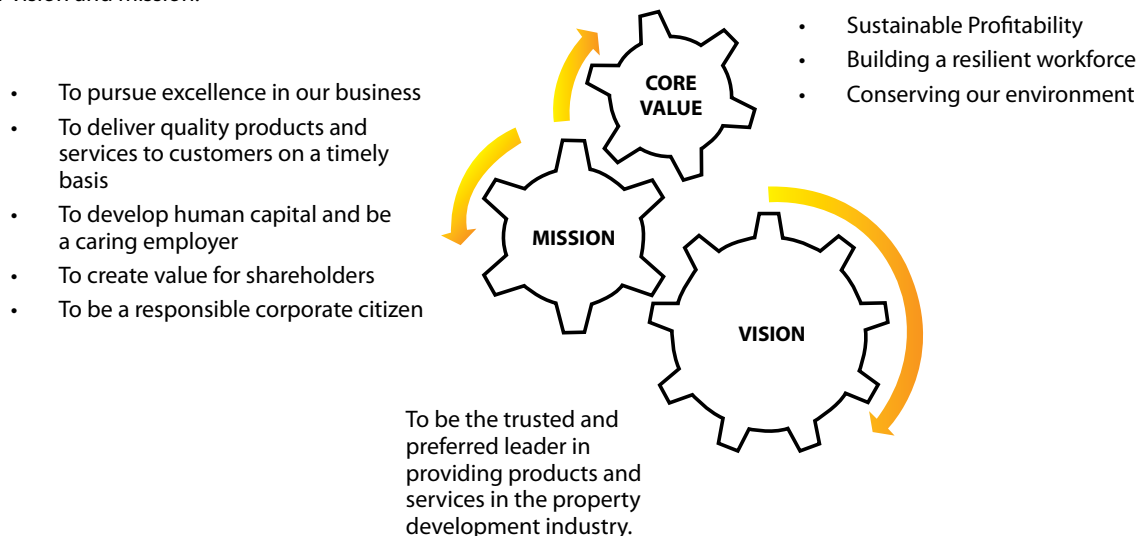
The Report adheres to the reporting principles of:



SUSTAINABILITY REPORT (CONT'D)

COMMITMENT TO SUSTAINABILITY DEVELOPMENT

Our vision and mission are the cornerstones of our commitment to the sustainability of the Group. Our core values steer our day-to-day operations and shape our culture while ensuring our business and operations are consistently aligned with our vision and mission.



As a responsible corporate citizen, we are committed to upholding high standards of governance throughout our business. This commitment supports us in demonstrating accountability and responsibility towards our stakeholders, alongside other responsible business practices such as effective management of environmental impacts and meeting the social needs of the communities in which we operate. These objectives are deeply ingrained in our corporate culture, ensuring that we operate in a manner that aligns with our mission and core values.

In addition, the Group also has a policy on sustainability to guide our employees in response to the growing awareness and importance of sustainability issues in the current market and business environment. The policy also serves as a guideline that provides our employees with clear expectations and actionable steps to integrate sustainability into the Group's day-to-day activities and decision-making processes.

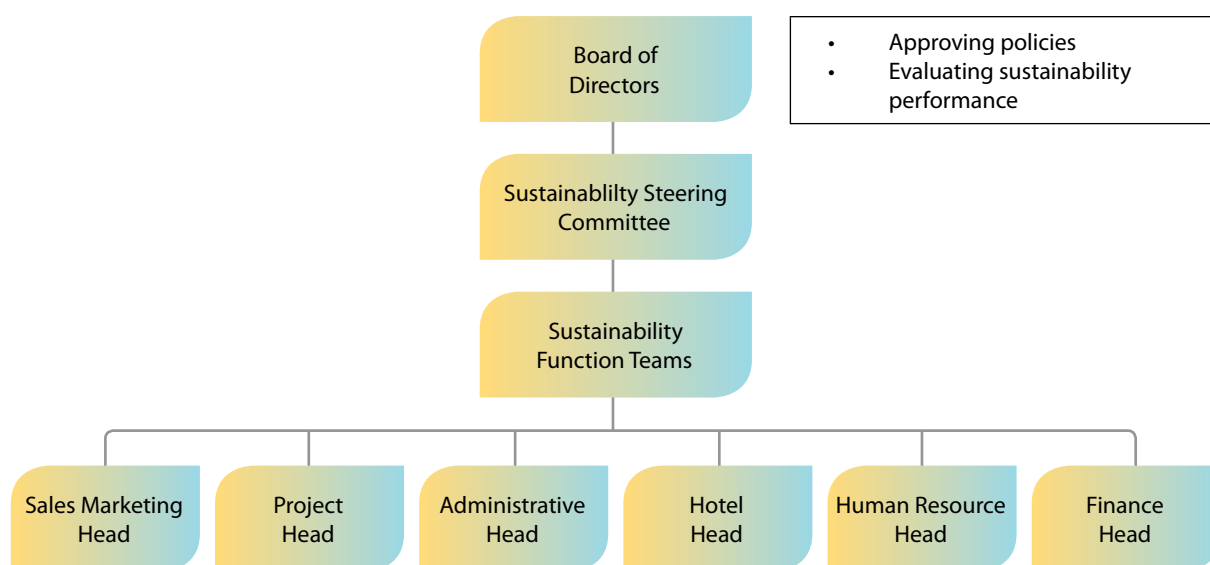
OUR POLICY ON SUSTAINABILITY



SUSTAINABILITY REPORT (CONT'D)

The Group continued success in maintaining a sustainable business and generating long-term stakeholder value is influenced by various internal and external factors. These material factors bring risks and opportunities that are specific to our Group, and they play a crucial role in shaping our strategies and their execution. To ensure our continued growth, the Board consistently reviews these factors and evaluates their effects on our business model in the near, medium, and long term.

GOVERNANCE STRUCTURE



The Group's approach towards ensuring long-term business sustainability is driven by strong top-level leadership. The Board of Directors ("Board") is instrumental in providing stewardship and overseeing the sustainability efforts and performances across our businesses. Bearing in mind the interest of stakeholders and the short, medium and long-terms sustainability of the business, the Board is responsible for setting the Group's sustainability strategies, key indicators, and targets. The Board is also periodically informed on the Group's sustainability approaches, progress, and performance.

The Board recognises the importance of risk management and internal control in our effective management of sustainability risks and opportunities. The Board holds the responsibility for establishing a sound risk management framework and internal control system and ensuring their adequacy and effectiveness, including in relation to sustainability matters. The Audit and Risk Management Committee is delegated with the responsibility to evaluate the adequacy and effectiveness of these frameworks.

The Sustainability Steering Committee ("Committee"), which is chaired by the Executive Chairperson and includes the Executive Directors as members, is established to support the Board. The Committee meets with the Board annually to discuss the strategic focus areas, objectives, and the direction the Group should take in relation to managing sustainability matters.

The Committee also ensures that sustainability is integrated into the Group's daily operations by communicating sustainability-related information to Directors and employees via tools such as policies, internal memos, and updates to the Group's Standard Operating Procedures ("SOPs"). To promote and implement sustainability-related practices within the Group, the Committee is tasked with the responsibilities as follows:

- reviewing the engagement with stakeholders;
- developing sustainability strategy, policies, and goals, considering the material sustainability matters ("MSMs") of the Group;
- driving, reviewing, and monitoring sustainability performance;
- maintaining sustainability performance throughout the Group;
- generating and increasing awareness among internal and external stakeholders; and
- reviewing the Sustainability Report.

SUSTAINABILITY REPORT (CONT'D)

The Sustainability Function Team comprises the head of key departments and functions, and they are responsible to oversee and manage the day-to-day operations within the capacity of their respective roles. The Sustainability Function Team performs materiality assessment to identify sustainability matters which are most material to the Group so resources can be prioritised to address these MSMs. They are required to report the progress, performance, and outcomes of the management of MSMs to the Committee.

The effectiveness of the Group's sustainability governance is further supported by its overall corporate governance practices, including ensuring Directors receive the relevant information to keep themselves abreast of global and domestic development of sustainability topics that are material to the Group's business.

STAKEHOLDERS' ENGAGEMENT AND COMMUNICATION

KPPROP Group has established a Stakeholders Communication Policy with the purpose to promote effective communication with the Group's various stakeholder groups. Each stakeholder engagement channel serves different purposes, including obtaining feedback and comments from stakeholders, communicating policies or updates to stakeholders, and serving as a platform for bi-directional discussions between the Group and its stakeholders. In addition, the stakeholder engagement processes also enable the collection of valuable input from stakeholders which is considered in the Group's materiality assessment process, facilitating the Group's understanding of stakeholders' issues and concerns, as well as matters which influence stakeholders' assessments and decisions.

Our key stakeholder groups, engagement approaches and engagement areas for all key stakeholders are summarised as follows.

| Stakeholders | Engagement Methods | Engagement Areas |
|-------------------------------|---|--|
| Shareholders | <ul style="list-style-type: none"> Annual & Extraordinary General Meetings Press releases Bursa announcements Quarterly report Annual report Timely update on corporate website | <ul style="list-style-type: none"> Financial and operational performance Return on investments |
| Government | <ul style="list-style-type: none"> Compliances to laws and regulations | <ul style="list-style-type: none"> Operation regulations Bursa listing requirements Companies Act Labour law Taxations Department of Environment Occupational Safety and Health Act |
| Board of Directors | <ul style="list-style-type: none"> Board meetings | <ul style="list-style-type: none"> Corporate strategy Corporate governance |
| Employees | <ul style="list-style-type: none"> Technical and skills training Performance review Department meetings In-house newsletters/ communications | <ul style="list-style-type: none"> Occupational safety and health Remuneration policy Career development Performance review Fair employment practices |
| Financial Institutions | <ul style="list-style-type: none"> Bursa announcements Quarterly report Annual report Timely update on corporate website | <ul style="list-style-type: none"> Financial and operational performance Funding requirement |

SUSTAINABILITY REPORT (CONT'D)

| Stakeholders | Engagement Methods | Engagement Areas |
|------------------------------------|---|--|
| Customers | <ul style="list-style-type: none"> Customer Relationship Management Facilities management review Marketing events, social media, roadshows and sales galleries | <ul style="list-style-type: none"> Customer satisfaction After-sales services Quality assurance |
| Suppliers & Contractors | <ul style="list-style-type: none"> New Supplier Form Regular meetings Quality audit on services and products Contract negotiation | <ul style="list-style-type: none"> Services and products' quality Legal compliances |
| Communities | <ul style="list-style-type: none"> Charity and welfare programs | <ul style="list-style-type: none"> Social contribution Job opportunities Donation and financial aid |
| Analyst/ Media | <ul style="list-style-type: none"> Annual & Extraordinary General Meetings Investor briefings Media release | <ul style="list-style-type: none"> Financial and operational performance General announcements |

SUSTAINABILITY RISKS AND RESPONSES

In the Group's efforts in managing sustainability risks and opportunities, we take into consideration key issues which affect the long-term objectives of the Group. The Board, in its oversight of the planning, performance, and long-term strategy of the Group, ensures that it incorporates business sustainability considerations as well as other key business risks and opportunities such as market risks, competition risks, reputation risks, and compliance risks. Such integrated planning, strategy setting, and management enable the sustainable creation and delivery of value to stakeholders.

The following table summarises some of the Group's key risks and risk responses.

| Risk | Risk Analysis | Risk Responses |
|----------------------|---|---|
| Market demand | <p>Property development</p> <p>Purchasers may face difficulties in securing financing, especially in the current economic environment.</p> <p>The outlook of the property market poses the risk of slow-moving inventories.</p> <p>Hotel</p> <p>Hotel owners may encounter challenges in attracting guests and securing high occupancy rates due to competition from neighbouring hotels in the vicinity.</p> | <p>Property development</p> <p>The Group strives to actively engage several sales agencies to increase the sales take-up rate and also liaise with banks to assist purchasers.</p> <p>Keeping up to date with marketing strategy and strategic plan is established to address the market conditions such as embarking on the digitalisation journey to enhance customers' experience.</p> <p>Hotel</p> <p>The Group is actively leveraging online platforms to increase booking rates.</p> <p>Hotel rates are adjusted based on the monitoring of market rates.</p> |

SUSTAINABILITY REPORT (CONT'D)

| Risk | Risk Analysis | Risk Responses |
|--|---|--|
| Compliance to rules and regulations | Risk of stop work order issued by relevant authority due to health, safety and environmental issues which might potentially result in untimely project completion and handover. | Constantly monitoring the change in rules and regulations by relevant departments. The Group encourages staff to report any non-compliance issues to the relevant departments. |
| Non-performing contractors | Risk related to the poor quality of deliverables, project delays, health, and safety practices. | Robust contractor selection and evaluation process whereby contractors are assessed in terms of quality, timeliness of the delivery, financial capability and etc. The Group continues to monitor closely the contractor's performance in terms of timeliness, quality, health, and safety practices at the site. |

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS ("SDGS")

In September 2015, 193 member states of the United Nations collectively adopted "Agenda 2030", a comprehensive plan aimed at addressing the world's most urgent economic, environmental, and social challenges over a span of 15 years. This agenda comprises 17 goals and 169 targets, which encompass a wide range of challenges including economic inclusion, geopolitical stability, depleting natural resources, environmental degradation, and climate change. Malaysia has demonstrated its commitment to "Agenda 2030" by implementing its own SDG Roadmap.

We actively support the SDGs not merely due to their significant strategic value to our business and the global community, but also because we are a responsible business. All the SDGs are relevant to our operations to varying degrees and we are already making meaningful contributions to numerous goals through our ongoing initiatives.



SUSTAINABILITY REPORT (CONT'D)

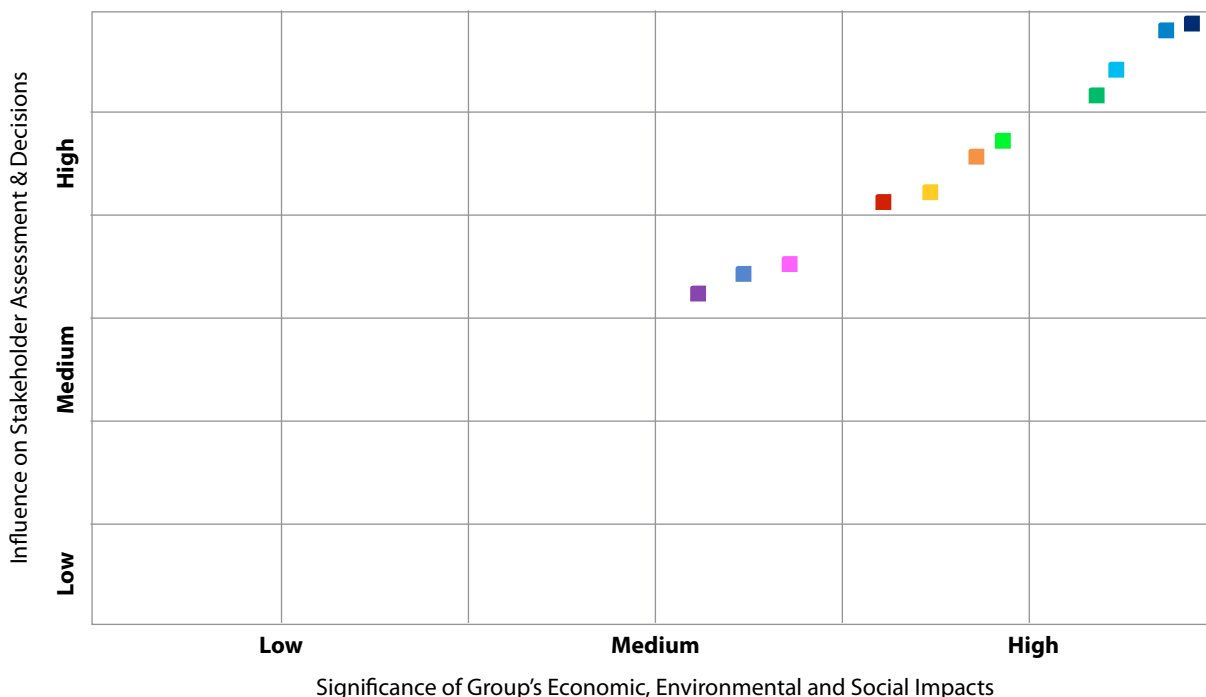
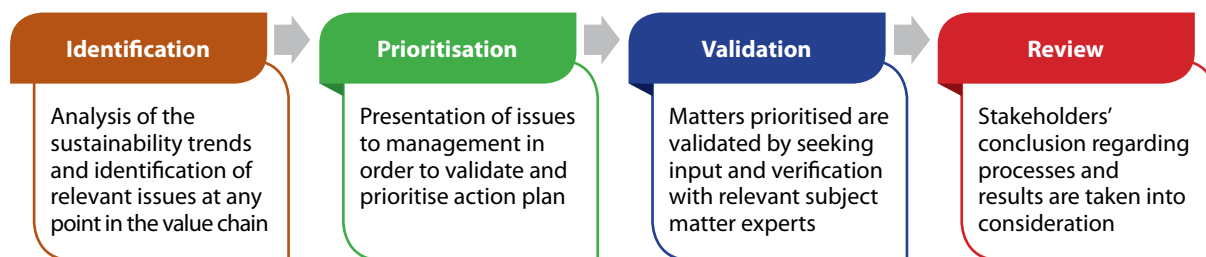
MATERIALITY ASSESSMENT

Materiality assessment is a process through which the Group assesses and prioritises the sustainability matters in relation to their significance in reflecting the Group's sustainability impacts, or whether they substantively affect stakeholders' decisions or assessments. The materiality matrix, which illustrates the relative materiality of the sustainability matters assessed, highlights the MSMs which are more important for the Group to manage, report, and communicate to stakeholders.

For the financial year under review, the Sustainability Function Team reviewed the materiality matrix for FY2023, which remained unchanged from the previous year. The matrix was tabled to the Committee and the Board.

This year, the Group's MSMs are discussed in four broad categories, i.e. Economic, Environmental, Social, and Governance, in the following section.

KPPROP Group's materiality process:



| | | |
|----------------------------|--|----------------------------|
| ■ Financial Sustainability | ■ Talent Attraction, Retention & Development | ■ Waste & Recycling |
| ■ Customers & Products | ■ Corporate Governance Compliance | ■ Ethics & Integrity |
| ■ Supply Chain Management | ■ Energy & Water Savings | ■ Environmental Management |
| ■ Safe Workplace | | ■ Community Engagement |

SUSTAINABILITY REPORT (CONT'D)

| Rank | Material Sustainability Matters | Sustainability Pillar | SDGs |
|------|--|-----------------------|--|
| 1 | Financial Sustainability | Economic |  |
| 2 | Customers & Products | Economic |   |
| 3 | Supply Chain Management | Economic |  |
| 4 | Safe Workplace | Social |   |
| 5 | Talent Attraction, Retention & Development | Social |     |
| 6 | Corporate Governance Compliance | Governance |  |
| 7 | Energy & Water Savings | Environment |    |
| 8 | Waste & Recycling | Environment |   |
| 9 | Ethics & Integrity | Governance |  |
| 10 | Environmental Management | Environment |   |
| 11 | Community Engagement | Social |   |

ECONOMIC

Financial Sustainability

At KPPROP Group, we operate on the fundamental principle that long-term profitability and value for shareholders are achieved by considering the interests of various stakeholders including shareholders, employees, suppliers, and the communities we serve. Amongst others, financial sustainability is one of the fundamental conditions for ensuring the sustainability of the Group's businesses in the short, medium, and long term, ensuring sufficient financial resources are in place to fund working capital, implement business strategies, and others. The Group's financial sustainability also fosters trust and confidence amongst shareholders and investors, in addition to generating and preserving shareholders' value for them.

During the financial year under review, KPPROP Group recorded a profit before tax of RM121.4 million. Total equity stood at RM635.0 million as at 31 March 2023 where the gearing ratio was maintained at a healthy level at 0.06. At the end of the financial year, the Group has RM158.0 million in cash and bank balances.

For further details regarding the Group's financial performance and position, refer to the **Management Discussion and Analysis** section.

SUSTAINABILITY REPORT (CONT'D)

We exercise the principles of accountability and transparency in our relationship with shareholders, where providing timely and accurate information regarding the Group's financial performance and position is one of the key priorities. On top of the Annual General Meeting where we endeavour to have meaningful engagements between our Directors, shareholders, and the Company, we also have our corporate website (www.kpproperty.com.my) which publishes key information, including those required by the MMLR such as quarterly results, announcements, and circular/ statements to shareholders. We strive to upload these documents promptly as they become available, facilitating easy access for our shareholders.

Customers & Products

Through our products and services, we create and deliver value for our customers. By selecting KPPROP, our customers have cast their vote of confidence in the quality of our products and services. In return, we are wholeheartedly committed to meeting their needs and expectations by providing high-quality products and services. We are also committed to continuously seeking improvement and exceeding customer expectations. Our goal is to foster long-lasting relationships with our customers by delivering exceptional value and maintaining a customer-centric approach.

| CUSTOMERS' SATISFACTION |
|--|
| Internationally recognised best practices and international quality and safety accreditation |
| Experienced workforce that equipped with professional knowledge and comprehensive training |
| Prompt delivery and reliable customer service |
| Efficient after-sales service, create an integrated and resilient workforce |

To ensure the consistent standard and quality of our products, we diligently select contractors who are accredited with ISO 9001:2015 - Quality Management Systems. This accreditation serves as an assurance of their compliance with stringent quality and safety requirements. It also bolsters our credibility and upholds our standards in the property development industry. Additionally, our Group adheres to all applicable laws and regulations governing safety and quality, further ensuring the satisfaction and trust of our customers.

Before handing over properties to our customers, we conduct thorough internal assessments to evaluate the functionality and the quality of finishes. This includes scrutinising elements such as tiling, internal paint, electrical functionality, plumbing functionality, and more. If any defects are identified during these assessments, immediate corrective measures are implemented to address them.

During the previous year, HSBC Malaysia and KPPROP Group jointly achieved a major milestone by successfully completing the first green loan for the funding of Bloomsvale, a mixed development project in Old Klang Road. This green funding not only supports the development of Bloomsvale but also plays a crucial role in KPPROP's transition towards its net-zero journey. The completion of this green loan represents a significant step in our sustainability journey, demonstrating our commitment to incorporating more sustainable developments into our portfolio and adopting responsible practices in our construction and development processes. Moreover, the green loan with HSBC Malaysia is aligned with the Green Loan Principles ("GLP"), an internationally recognised standard that holds significance in the global syndicated loan markets. This collaboration and adherence to the GLP underscore our dedication to sustainable financing and contributing to a greener future.

In September 2022, KPPROP furthered its milestone, by securing a RM100 million green financing facilities from AmBank for the funding of Courtyard by Marriot Hotel, Kuala Lumpur South at Bloomsvale. The green financing facilities were structured incorporating considerations of enhancing sustainability, including environmental, social, and governance aspects, of funded projects. The project aims to obtain GreenRE certification upon completion, in align with the aspirations of the Bloomsvale development.

SUSTAINABILITY REPORT (CONT'D)



KPPROP Group is also committed to embracing digital transformation to enhance the experience of our customers, and this includes the creation of virtual sales galleries to cater to our customer's needs. Through these virtual platforms, it enables us to integrate sales processes and customer engagement with technology. Our virtual sales galleries enable buyers to explore and select their preferred properties, view detailed site plans, specifications, and other relevant information. In addition, we have expanded our branding and marketing efforts to encompass various online and social media platforms. This approach allows us to extend our reach and enhance engagement with consumers across different age groups.

KPPROP Group also recognises the significance of our customers as essential innovation partners, their feedback and ratings are a valuable resource for driving our continuous improvement. In our pursuit to remain competitive, we understand the importance of aligning our service and product development with their evolving needs. To achieve this, we actively collect feedback from our customers through multiple channels, including social media platforms, our website, hotlines, and interactions with our frontline staff. By actively listening to our customers' expectations and suggestions, we gain insights that inform and guide our future improvements and innovations. This customer-oriented approach enables us to enhance the overall experience and satisfaction of our customers while staying at the forefront of the industry.

In a highly competitive market, KPPROP Group focuses on establishing and maintaining strong trust-based relationships with our customers. The Group's charter values the customers' well-being, safety, and satisfaction of our customers, which form the cornerstone of our approach to product responsibility. We diligently uphold these principles throughout the entire lifecycle of our services and products.

Sustainable design and living

We strive to integrate sustainability principles into our master plans, incorporating features such as lush greenery and thoughtfully designed landscaping. For KPPROP, sustainable living means living harmoniously with the natural environment and integrating with the local elements and ecosystem. In the design of our projects, we take into consideration and aim to make optimal use of local site elements such as natural lighting and natural ventilation. These design elements help to reduce the need for excessive electricity consumption for lighting and air-conditioning, provide a space with cross-ventilation systems with optimal temperature regulation, and create a healthier living environment for our residents. These elements ultimately will contribute to more responsible living where our building users can achieve greater energy efficiency, conserve energy, reduce water consumption, and minimise carbon emissions.

Bloomsvale's residential component has achieved a Platinum rating under Green RE's provisional certification. This recognition highlights our commitment to sustainable practices and signifies the project's exceptional environmental performance. At the same time, the commercial building component of Bloomsvale is expected to obtain a Gold rating. By incorporating green building principles, we aim to contribute to a more sustainable future while providing our customers with eco-friendly living and working spaces.

SUSTAINABILITY REPORT (CONT'D)

Supply Chain Management

The integrity of our supply chain has an important bearing on KPPROP Group's ability to create value. When selecting suppliers or business partners to work with, we place great emphasis on alignment with our core beliefs such as integrity and ability to deliver.

When selecting suppliers for a new project, the ability to provide high-quality services and products is among the key determinants of our assessment during a tender or bid call. The assessment also includes an evaluation of our supplier's compatibility with the Group's operational, environmental, and social objectives. The information and details of the newly selected suppliers are documented in the New Supplier Form.

To ensure the quality of products and services aligns with our standards and requirements, periodic assessments are carried out. Existing suppliers and contractors are also subject to annual audits to address any operational concerns. Suppliers with unsatisfactory performance will be terminated or reprovved, while contract continuity or renewal will be subjected to satisfactory performance or remedial actions for minor unsatisfactory performance.

We are committed to improving our processes and fostering strong relationships with our suppliers. We actively collaborate with suppliers to identify and mitigate risks, enhance productivity, and promote efficiency within the supply chain. Our approach is guided by principles of integrity and transparency. We believe in creating value by seeking opportunities to collaborate and share best practices with our suppliers to build a robust supply chain that is reliable and of quality.

Environmental and social sustainability in the supply chain

KPPROP Group is committed to mitigating the environmental and social impacts associated with our business activities, both internally and throughout our supply chain. We believe that operating in a sustainable manner is crucial for the long-term success of our business and enable us to continue serving our customers in the long term. This includes doing business responsibly and aligning responsible practices along key nodes of our value chain, especially our supply chain.

We actively promote responsible and sustainable practices among our suppliers, focusing on various potential and actual environmental and social issues. These expectations are incorporated into our supplier engagement process. When selecting new suppliers, we give greater preference to those who demonstrate a commitment to environmental conservation, the protection of endangered species, labour rights and welfare, equal opportunities, and the absence of pending environmental issues while integrity such as anti-corruption and anti-bribery and compliance are amongst the most important criteria. By integrating these considerations into our supplier relationships, we strive to create a supply chain that reflects the way KPPROP Group does business.

KPPROP is committed to safeguarding the fundamental human rights of its employees and providing a decent workplace for employees. This expectation is extended to our appointed contractors as well, where we have stringent requirements mandating strict adherence to the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446). This ensures that the living conditions of workers who are involved in our projects are acceptable and are within the regulated boundaries.

Local Procurement

The Group strives to support the local economy and local businesses. It prioritises local procurement and actively promotes sourcing materials and goods from local business suppliers and associates. We engage with our contractors and suppliers to understand the sources of materials used in our construction projects and hotels and to encourage the use of locally sourced materials and services while not compromising the quality standards and cost-effectiveness of the procured materials or services.

During the financial year under review, more than 95% of KPPROP Group's procurement of products and services is attributable to local suppliers and contractors.

| Group | FY2023 |
|---|--------|
| Proportion of spending on local suppliers (including contractors) (%) | >95% |

SUSTAINABILITY REPORT (CONT'D)

ENVIRONMENT

Environmental Management

As a Group with its foundations in environmental protection, the Group is aware of the interaction and tender balance between the built and natural environments. KPPROP acknowledges its role in protecting and preserving the environment. We are committed to complying with applicable environmental laws and regulations, and we also strive to reduce the negative environmental impacts within our business. Amongst others, KPPROP Group also undertakes serious efforts to prevent any incidents of pollution as far as our business and operations are concerned. Environmental compliance is embedded as part of our operational procedures as well as key criteria in our relationship with business partners such as contractors and service providers who work together with us on our projects.

We are pleased to report that there were no fines or penalties, which arose from non-compliance with environmental laws and regulations, imposed on KPPROP during the financial year under review.

Beyond compliance, KPPROP takes additional steps to reduce the environmental impacts of its operations such as comprehensive cleaning and green programme around our hotels and landscape beautification project, as well as initiatives to enhance energy and resource efficiency across our hotels. We also promote environmental protection and preservation in our projects, as early as the conceptualisation stage, where we strive to integrate local environmental elements such as natural lighting and ventilation in our design, with an aim to achieve resource efficiency and reduce environmental impacts.

Energy & Water Savings

Energy

The Group's energy consumption is mainly attributable to the electricity consumption at our offices, hotels, and sales galleries. In this regard, we promote and strive to achieve efficient electricity use and adopt energy-saving initiatives, such as:

- switching off lights and air-conditioners in offices and meeting rooms when not in use;
- setting computers and photocopiers to "sleeping mode" or switching them off when not in use;
- using LED lighting which is more energy-efficient in general; and
- encourage maintaining the air conditioning temperature at approximately 23°C – 24°C in the office.

Currently, the Group measures the energy efficiency of its Hospitality segment via the percentage of electricity cost over the Hospitality revenue. For FY2023, the Group further reduced this ratio to 7%, from 8% in FY2022. The improvement is contributed by the higher Hospitality revenue as the economy and tourism in Malaysia recover from the pandemic period. In line with global and domestic efforts to tackle climate change and reduce GHG emissions, the Group is currently undertaking an initiative to measure and analyse the energy consumption of the Group as a whole and subsequently derives the GHG emissions associated with it. We also acknowledge the need to have in place a process to understand the carbon footprint of the Group to inform the strategy setting of the Group, in relation to addressing climate change.



| Hospitality segment | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|
| Electricity cost (RM'000) | 1,633 | 1,925 | 2,997 |
| % of electricity cost over hospitality revenue (%) | 12 | 8 | 7 |

SUSTAINABILITY REPORT (CONT'D)

At KPPROP's Headquarter, we have participated in the Earth Hour, organized by WWF Malaysia, by turning off our lights to demonstrate our support for energy conservation and environmental awareness.



While we do not operate in water-stressed areas, we emphasise the importance of using water responsibly and avoiding wastage. We are committed to water conservation in all aspects of our operations.

Water is a key element in our Hospitality segment, used in our hotels for drinking, cooking, cleaning, leisure facilities, and irrigation. We aim to use water efficiently in our hotels and have implemented a range of measures to ensure water is used efficiently, including the installation of water-saving flush systems and other devices in guestroom bathrooms and public area washrooms. Moreover, we actively encourage our guests to participate in water conservation efforts by reusing towels and linen, thereby reducing overall water usage.

In FY2023, the water cost to Hospitality revenue decreased to 0.5%, compared to 0.8% of hospitality revenue in FY2022. This reduction indicates our ongoing efforts and successful implementation of water conservation measures within our operations.

| Hospitality segment | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|
| Water cost (RM'000) | 172 | 198 | 235 |
| % of water cost over hospitality revenue (%) | 1.2 | 0.8 | 0.5 |

SUSTAINABILITY REPORT (CONT'D)

Waste & Recycling

We are committed to complying with applicable waste management practices, including scheduled waste management which is regulated by the requirements of the Department of Environment ("DOE"). All scheduled waste is handled and transported by licenced contractors to approved treatment facilities prior to disposal, and we have internal processes to monitor such practices to ensure they are carried out properly.

At our Property Development segment, we work closely with our project contractors and service providers to ensure sound waste management practices are in place, with an aim to prevent pollution and enable resource efficiency. Waste from building materials such as steel bars, timber, concrete, aluminium, plastic, and glass is valuable and can be recycled or reused. Waste segregation practices are in place to enable effective collection and subsequent recycling or reuse.

We have taken active steps to promote paper recycling within our operations such as in offices and sales galleries. Employees are encouraged to utilise electronic methods for sharing and storing documents to minimise the need for printing or photocopying. When printing is necessary, double-sided printing is encouraged.

In our showrooms, we make an effort to reuse high-quality furniture from previous showhouses. Instead of discarding them, the furniture is transferred to other showhouses when the showhouse is closed. This approach not only significantly reduces furniture waste but also saves costs that would otherwise be spent on purchasing new items. Waste segregation and recycling efforts are also carried out at our hotels. The key waste types include paper, plastic, metal and glass.



SUSTAINABILITY REPORT (CONT'D)

SOCIAL

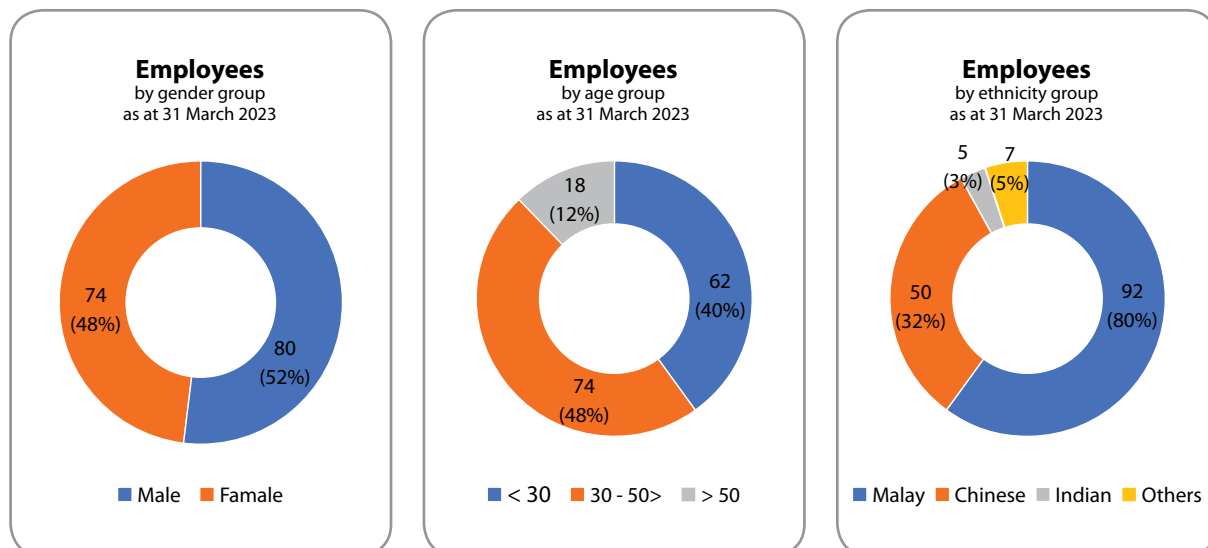
In KPPROP Group's employment practices, we adopt fair recruitment practices that promote diversity and inclusion and we are committed to offering equal opportunities for employment to all potential candidates. We do not discriminate against anyone on the basis of gender, age, race or ethnicity, colour, religion, or disability. Workplace discrimination is a reportable violation of our Group's Code of Ethics.

At the Board level, a Gender Diversity Policy and Target is established and the Directors of KPPROP Group are cognisant of the ongoing initiatives to enhance female representation in the boardroom should the right opportunity arise. Our Board and our workforce, overall, are comprised of a balanced composition of gender, age group, and ethnicity, bringing to the Group various benefits, including encouraging open-minded dialogues, expanding positive influence, bridging gaps, and introducing fresh perspectives and strategies.

Our hiring and recruitment processes are merit-based to ensure fair and unbiased selection and decisions. As we recognise human capital as our most valuable asset, we continuously invest in talent development, understanding that the commitment and productivity of our employees are crucial factors in sustaining our success and overall performance. The Group's employment demographics at the end of the financial year is as follows.

| Group | FY2021 | FY2022 | FY2023 |
|-------------------------------|------------|------------|------------|
| Employees by gender | | | |
| Male | 49 | 65 | 80 |
| Female | 66 | 67 | 74 |
| Total | 115 | 132 | 154 |
| Employees by age | | | |
| Below 30 | 42 | 50 | 62 |
| 30 – 50 | 56 | 62 | 74 |
| Above 50 | 17 | 20 | 18 |
| Total | 115 | 132 | 154 |
| Employees by ethnicity | | | |
| Malay | 49 | 64 | 92 |
| Chinese | 56 | 57 | 50 |
| Indian | 9 | 6 | 5 |
| Others | 1 | 5 | 7 |
| Total | 115 | 132 | 154 |

SUSTAINABILITY REPORT (CONT'D)



| Group | FY2023 | | | | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Gender | | Age | | |
| | Male | Female | <30 | 30 – 50 | >50 |
| Board of Directors | 4 (80%) | 1 (20%) | 0 (0%) | 2 (40%) | 3 (60%) |
| Employee Category | | | | | |
| Management | 14 (47%) | 16 (53%) | 2 (6%) | 17 (57%) | 11 (37%) |
| Executives | 17 (34%) | 33 (66%) | 21 (42%) | 26 (52%) | 3 (6%) |
| Non-Executives | 49 (66%) | 25 (34%) | 39 (53%) | 31 (42%) | 4 (5%) |
| Total | 80 (52%) | 74 (48%) | 62 (40%) | 74 (48%) | 18 (12%) |

Due for the different nature of businesses and functions within the Group, the Group employs both full-time and part-time employees, as follows. All employees are remunerated fairly and provided with benefits that support, encourage, and incentivise employees to perform.

| Group | No of employees in FY2023 |
|--------------------|---------------------------|
| Permanent employee | 144 |
| Contract employee | 10 |
| Total | 154 |

Employee engagement holds great importance within our organisation as it serves as a driving force for motivating employees to perform at their best, on top of helping us understand how the business can align its interest with employees. We strongly believe that effective engagement is a fundamental aspect of our company's ability to generate value, as we recognise our people as our most valuable asset. To foster engagement, management consistently interacts with the workforce through a variety of activities, including annual dinners, festive celebrations, etc. Our performance management process acts as a crucial link between employees' performance outcomes, their learning requirements, and the rewards they receive.

SUSTAINABILITY REPORT (CONT'D)

Human Rights and Labour Standards

At KPPROP Group, we respect the fundamental human rights of all people and we ensure full compliance with statutory requirements and regulations concerning wages and benefits, including minimum wage orders, Employee Provident Fund contributions, and Social Security Organisation obligations.

We are also committed to fostering a safe and respectful workplace environment and strictly prohibiting any forms of sexual harassment, including but not limited to verbal, non-verbal, psychological, or physical sexual harassment at our workplace. Any incident of sexual harassment will not be tolerated under any circumstances.

We are against child labour and forced labour, and we expect the same from our contractors and service providers. We respect the entitled benefits of our employees as prescribed by applicable laws and regulations. Furthermore, the Group also undertake efforts to enhance employee welfare by offering various additional benefits such as travel allowances, group personnel insurance, provision of uniforms, and protective equipment.

During the financial year under review, there were 0 substantiated complaints concerning human rights violations.

| Group | FY2023 |
|---|--------|
| Substantiated complaints concerning human rights violations | 0 |

Safe Workplace

KPPROP Group sees employees' safety and health as a high-priority matter in its business. We strive to create a secure and healthy workplace and uphold safe practices throughout our business operations. To this end, the Group has established a policy on the Group's commitment to occupational safety and health, summarised as follows.

- ensure compliance with laws and regulations in relation to occupational safety and health;
- set targets and measures to oversee occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm or injury to the safety and health of our employees, contractors, and the general public.

Across the Group, we regularly communicate occupational health and safety procedures to our employees, through manuals, work instructions and various other channels, to keep employees informed of important safety measures and controls. New employees are also provided with induction that includes relevant safety and health training to enable them to understand possible safety and health risk at work and how to manage them. We also provide relevant personal protective equipment to employees, depending on their function and risk exposures.

We ensure that relevant employees are provided with relevant training to enable them to work safely and healthily and in accordance with the Group's safety procedures.

SUSTAINABILITY REPORT (CONT'D)

Safety and Health at our Hotels

At our Hospitality operations, we have Safety Officers who are responsible to oversee our hotels in managing health and safety risks during operations. Controls and actions to maintain the cleanliness, safety, and health of our hotels are embedded in the standard operating procedures to create a conducive work environment for employees and a comfortable experience for our guests. The Safety Officer also carries out regular checking to ensure the standard operating procedures are adhered to. We also conduct annual internal audits to ensure the effective implementation and maintenance of our health and safety management systems.

Our security teams operate 24/7 to maintain the highest standards of safety and security for our guests, employees, and other visitors. To ensure the reliability and effectiveness of our security systems, regular audits are conducted, assessing various aspects such as the efficacy of CCTV recordings and the training provided to security staff regarding emergency response in various scenarios. Through these audits, we strive to continuously enhance the efficiency and preparedness of our security measures to safeguard the well-being of our guests and employees.

Food Safety

We are firmly dedicated to upholding food safety standards, and as part of this commitment, we have established stringent requirements for our suppliers when it comes to food and beverages and associated services. These suppliers are required to meet stringent criteria which are aligned with internationally recognised food safety certifications or which are subject to third-party audits. In the case of small-scale suppliers, our hotels conduct hygiene audits to ensure compliance with our food safety standards.

Maintaining Disease Prevention Measures

Since the COVID-19 pandemic a few years back, we have implemented various measures and protocols to clean frequently-touched surfaces, providing our guests with sanitisers and disinfectants, optimising air quality, and increasing food safety measures. In order to provide peace of mind and create a comfortable environment for our guests and visitors, we continued to practise these measures at our hotels.

During the financial year under review, the Group and our contractors for KPPROP projects recorded no work-related fatalities. The lost time incident rate for FY2023 was recorded at 0.

| Group | FY2023 |
|--|--------|
| Work-related fatalities | 0 |
| Lost time incident rate | 0 |
| Contractors in relation to KPPROP projects | FY2023 |
| Work-related fatalities | 0 |

SUSTAINABILITY REPORT (CONT'D)

Talent Attraction, Retention & Development

KPPROP Group considers its employees as valuable assets and recognises the importance of a strong team for the growth and success of the business. We put emphasis on the development of our employees through various initiatives such as providing job and personal development opportunities, offering training programs, promoting diversity in the workforce, providing employee benefits and welfare, and encouraging employee engagement.

The Group acknowledges the impact of the Industrial Revolution 4.0, which necessitates the continuous upskilling and reskilling of the workforce to remain relevant and productive. Employees are actively encouraged to participate in both internal and external training programs and pursue professional development opportunities. These initiatives aim to enhance their knowledge and skills in areas such as career enhancement, personal development, human resource management, technical expertise, and more. The Group provides training programs to its employees based on their specific roles and responsibilities within the organisation. These training initiatives encompass a wide range of participants, including tailored in-person training for businesses, subsidiaries, staff groups, and third parties. The training is conducted regularly and follows a structured approach, ensuring that employees at all levels, from entry-level recruits to frontline staff, supervisors, and top-level management, receive the necessary training. The Group believes in providing equal opportunities for all employees to enhance their skillsets and continually upskill, leaving no one neglected in the training process.

In FY2023, the Group recorded a total of 521 training hours for our employees.

| Group | FY2021 | FY2022 | FY2023 |
|----------------|--------|--------|--------|
| Training hours | 103 | 247 | 551 |

In order to ensure long-term performance and sustainability, KPPROP Group places significant importance on succession planning, particularly for critical and leadership positions. The HR Department plays a key role in reviewing the Group's human resources plan, which includes the succession management framework and related activities. This process encompasses various human resources initiatives, such as job and salary reviews, as well as the annual manpower budget. Succession planning is implemented across the Group in stages, with a specific focus on designing training programs tailored to the development needs of management staff.

Community Engagement

As we are deeply rooted in the community we operate, we are actively involved in community outreach programs and initiatives. We take great pride in having the opportunity to serve and support various segments of the community, working towards social empowerment and making a positive impact on people from all backgrounds. Through our ongoing efforts in FY2023, we have consistently made donations and contributions to disability centres and charity organisations.

As part of our commitment to environmental sustainability, KPPROP participated in a tree planting activity in February 2023. The activity received an acknowledgement certificate by the Forest Research Institute Malaysia.

Contribution in FY2023



Donation to Kelab Alea



Donation to Suntek
Handicapped Welfare Home



Tree planting activity at Forest Research Institute
Malaysia

SUSTAINABILITY REPORT (CONT'D)

GOVERNANCE

Corporate Governance Compliance

Corporate governance is crucial for the sustained leadership and stewardship of the Group. It ensures that all aspects of our organisation are able to function effectively and that we deliver our accountability to our stakeholders.

As a company listed on the Main Market of Bursa Malaysia, KPPROP complies with all regulatory requirements in relation to corporate governance and applies relevant and applicable practices of the Malaysian Code on Corporate Governance ("MCCG").

The Board holds the ultimate responsibility to ensure a high standard of corporate governance is in place to steer the company's direction and oversee the management of the company. Details of the Group's corporate governance practices are disclosed in KPPROP's Corporate Governance Overview Statement and Corporate Governance Report.

Ethics & Integrity

Ethical business practice and the upholding of integrity is the most important fundamental element in KPPROP's business and relationship with stakeholders. We aim to uphold ethical business practices throughout our operations to preserve the trust of our stakeholders. We conduct our business affairs with integrity, guided by the Corporate Code of Conduct and Code of Ethics ("Codes"), which outline the principles and standards that govern our conduct and decision-making processes. These Codes serve as a framework for promoting good governance and ensuring that our actions align with ethical principles, providing guidelines to Directors and employees on matters pertaining to conflict of interest, anti-corruption, no gift policies, compliance, data protection and confidentiality, insider dealings, human rights, and others. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

Anti-Bribery and Corruption Policy

To uphold our commitment to preventing corruption and bribery practices, the Group has established and implemented the Anti-Bribery and Corruption Policy & Guidelines ("ABC Policy") that sets out the Group's zero-tolerance approach against corruption. Our business operations are conducted ethically and in full compliance with all relevant laws. The ABC Policy applies to the Board, all employees, and third-party business associates, ensuring a comprehensive framework is in place to prevent bribery and corruption throughout our organisation and associated relationships and across our businesses.

We adopt a risk-based approach towards managing corruption risk, where corruption risk levels at different business functions or business activities are identified and managed based on risk priorities. This management process is also supported by our established risk management processes which ensure the Group's risk assessment is reviewed annually.

We strictly adhere to a "No Gift Policy" and conduct our business with honesty, integrity, and in full compliance with relevant laws and regulations.

Since the roll-out of the Group's ABC Policy and relevant procedures, all of the Group's operations have undergone risk assessment for corruption-related risks.



| Group | FY2023 |
|--|--------|
| Operations assessed for corruption-related risks (%) | 100 |

SUSTAINABILITY REPORT (CONT'D)



As part of our commitment to ethical conduct, all new employees of the Group are required to undergo a thorough orientation program where they are introduced to the Group's ABC Policy and the Codes. Any updates or revisions to these policies are communicated to all employees through our internal network. Additionally, all employees are required to sign off on the Group's policies regarding confidentiality, conflict of interest, integrity, and prevention of staff fraud after attending internal briefings conducted by the Group. This ensures that all employees are well-informed and acknowledge their adherence to these important policies.

In addition, we also provide training for identified personnel especially those who are more exposed to corruption in their positions or functions. The following table summarises the Group's communication for employees in relation to anti-corruption as at 31 March 2023.

| Group | FY2023 |
|---|--------|
| Percentage of employees communicated on anti-corruption (%) | 100 |

Human rights

KPPROP Group is committed to upholding and respecting fundamental human rights while actively preventing any possible human rights violations. We maintain a workplace that is free from discrimination and harassment, prioritising the safety, health, and ethical treatment of all employees. We firmly believe in fostering an environment where employees can exercise their right to unionise and freely associate, in accordance with local laws and practices. This commitment ensures that our company operates with integrity and promotes a culture of inclusivity, respect, and fairness for all.

Data Security and Privacy

Now that businesses are more digitalised and integrated with the internet, it is increasingly important for all of us to develop cyber resilience to protect data and maintain the integrity of IT systems. KPPROP strives to safeguard the information and data of the business and its stakeholders. The Group recognises the significance of these imperatives and considers cyberattack risks as obstacles that must be minimised, if not completely eradicated.

We prioritize the protection of personal data privacy by adhering strictly to the Personal Data Protection Act 2010 ("PDPA"). Our commitment entails utilising customer information only for the purpose intended and notified. To ensure robust cybersecurity measures, the Group ensures that its IT systems are equipped with designated anti-virus software and are regularly maintained and updated where relevant.

We also ensure our employees have a standard level of cyber security awareness, understanding how to properly handle data and use the Group's IT systems so as to not expose the system or sensitive data to risks. Policies and guidelines are also in place to set out the do's and don'ts for employees when handling sensitive or confidential data.

The Group's IT officer performs regular IT audits to monitor and assess the health and security of the Group's assets. These audits encompass evaluations of potential risks arising from unauthorised software usage. The clean bill of health received from these routine audits demonstrates the Group's commitment to maintaining a secure IT infrastructure and safeguarding against potential cyber threats.

During the financial year under review, the Group has not experienced any significant incidents of successful breaches from malware, ransomware, hacking, or other cyberattacks on its database.

SUSTAINABILITY REPORT (CONT'D)

Whistleblowing Policy

KPPROP Group has established a whistleblowing policy that provides a platform for stakeholders, including employees and others, to report concerns or suspicions about wrongful activities or serious misconduct without fear of victimisation or recrimination. Any raised issues will be thoroughly investigated, and appropriate actions will be taken with the objective to achieve effective resolution and upholding ethics and integrity within the Group's businesses and operations.

Anyone, including Directors, employees, and other external parties, can access the whistleblowing mechanism to make genuine reports pertaining to matters covered by the policy. We also do not prohibit anonymous reporting. In order to ensure check and balance as well as the presence of the element of independence, there is a channel for whistleblowers to reach out to a designated Independent Director.

This policy demonstrates our commitment to addressing and resolving concerns in a transparent and responsible manner and the Group's Whistleblowing Policy and Procedures is available on our website at www.kpproperty.com.my.

During the financial year under review, there were no known or suspected cases of bribery and corruption or breaching of ethics/ integrity issues involving the Group's directors and employees. At the same time, the Group also did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.

| Group | FY2023 |
|--|--------|
| Cases of bribery and corruption | 0 |
| Cases of breaches of ethics/ integrity issues | 0 |
| Substantiated complaints concerning breaches of customer privacy and losses of customer data | 0 |

OUR COMMITMENT

Recognising our role as responsible corporate citizens, the Group is committed to adopting sustainable and responsible practices that contribute to sustainable business growth, environmental stewardship, and social responsibility. Besides, the Group also strive to enhance value not only for our business but also for the environment and society at large. By integrating sustainability into our operations, we aim to make a positive impact and contribute to a more sustainable future.



This Report was made in accordance with a resolution of the Board of Directors dated 26 July 2023.

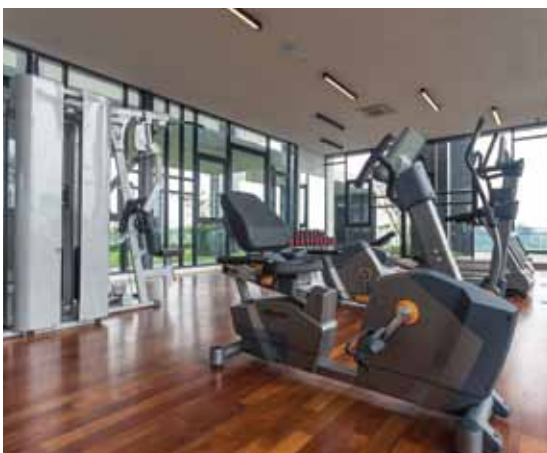
g Residence, Johor Bahru

g RESIDENCE



Residency V, Old Klang Road, Kuala Lumpur

RESIDENCY



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “**Board**”) recognises the importance of adopting high standards of corporate governance within the Group to ensure that the recommendation of the Malaysian Code on Corporate Governance 2021 (the “**Code**” or “**MCCG**”) are practiced as a mean of managing the business and affairs of the Group with integrity and professionalism so as to enhance business prosperity and corporate accountability in order to protect the interest of shareholders, whilst ensuring at the same time the interest of other stakeholders are safeguarded.

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). The objective of this statement is to provide an overview of the application of the corporate governance practices (“**Practices**”) of the Group during the financial year ended 31 March 2023 (“**Financial Year**”) up to the date of issuance of this statement with reference to the three (3) main principles, i.e. Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the MCCG (“**Principles**”).

Overall, the Board is of the view that the Company has, in all material aspects, complied with the Principles and Practices as set out in the MCCG. The details of how the Company embraces or applies the MCCG are outlined in our Corporate Governance Report (“**CG Report**”). The CG Report is submitted to Bursa Securities together with the Annual Report of the Company on 27 July 2023. A copy of the CG Report can be obtained from the Company’s website at www.kpproperty.com.my. Shareholders are advised to read this overview statement together with the CG Report to provide comprehensive disclosure of the application of each Principles and Practices set out in the MCCG during the Financial Year.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

i. Roles and Responsibilities of the Board

The Board is entrusted for the oversight of overall management of the business affairs of the Group. The Board is responsible for formulating the Group’s strategic plan and directions, determining all major policies, reviewing the system of internal control, and ensuring that effective strategies and management are in place, for assessing the performance of the Group and its management team.

The Board continues to ensure its effectiveness and provides strong leadership to the Group and Management. In order to ensure that business is being properly managed, the Board performs periodic review of the financial results to oversee the conduct of the business.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions as recommended by the MCCG, including those reserved for the Board’s approval and those which the Board may delegate to the Board Committees and the Management.

Aside from the core responsibilities listed above, significant matters requiring deliberation and approval from the Board is clearly defined as the matters reserved for the Board’s consideration and approval, which includes decision on Group strategic/business plan, restructuring proposal, corporate exercises, investments or divestments, risk management policies, nomination of auditors, nomination of directors, review of the financial statements, financial and borrowing activities, annual budget, dividend policy, new issues of securities, ensuring compliances of regulatory and review of the adequacy and integrity of internal controls.

The Board Committees, namely Audit and Risk Management Committee (“**ARMC**”), Nomination Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group’s affairs with authority to act on behalf of the Board and to operate within their respective terms of reference. Although specific powers are delegated to the Board Committees, the Board Committees shall report to the Board on matters considered and make recommendation to the Board for further decision. The ultimate responsibility for the final decision on all matters have to be approved by the Board. Also, the Board is informed of the key issues and recommendations or decisions made by each Board Committees through the reporting and tabling of minutes of the Board Committees meetings at Board Meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

i. Roles and Responsibilities of the Board (cont'd)

In discharging the Board's duties, the Board is guided by its Board Charter, Code of Conduct, Code of Ethics as well as the terms of reference of the Board Committees as they set out the Board's roles, duties and responsibilities, the Principles and Practices of corporate governance to be followed and its commitment of fair practices to its stakeholders. Further information on Board Charter, Code of Conduct and Code of Ethics are discussed in item (v) of this Part of the Statement whilst details on the terms of reference of the Board Committees are published in the Company's website at www.kpproperty.com.my.

ii. Segregation of Roles and Responsibilities of the Chairperson and the Chief Executive

The Chairperson of the Board is responsible for instilling good governance practices, leadership and effectiveness of the Board through chairing of board meetings, representing the Board to shareholders, and reviewing and approving together with the Board on the strategic issues of the Group.

During the financial year ended 31 March 2023, the Board Chairperson also held the position of Chief Executive of the Group, as the Company did not have a Chief Executive Officer. The Board recognised the dual role of Datin Toh Siew Chuon as the Board Chairperson and Chief Executive and carefully considered the implications. However, given Datin Toh's experience, leadership and understanding of the Group's business, the Board was satisfied that it was in the Company's best interest to maintain this arrangement where the Board could have the benefit from a Chairperson who possessed extensive knowledge and could effectively guide discussions. The combination of the Chairperson and Chief Executive roles empowered Datin Toh to exercise her authority for the proper purpose and in good faith in the best interest of the Company. This alignment aimed to maximise shareholders' wealth and foster collaboration between the Board, Management and shareholders. Moreover, the Board comprised more than half Independent Directors who provided objective and independent perspectives, ensuring the effectiveness and independence of the Board in line with the MCCG. This arrangement would enhanced the Board's effectiveness without compromising its independence.

However, to further enhance compliance with MCCG, on 13 July 2023, the Company appointed Ms. Joanne Lee Sor Phaik as the new Chief Executive Officer ("CEO") of the Company. With the appointment, the roles of the Chairperson and Chief Executive are now distinct and separated to engender accountability and to facilitate clear division of responsibilities to ensure there is a balance of power and authority in the Company. The Executive Chairperson, Datin Toh Siew Chuon provides strong leadership to the Board, ensuring cohesive oversight of Management and upholding Board effectiveness and conduct standards while the Chief Executive Officer, Ms. Joanne Lee Sor Phaik is responsible for strategic planning, business development, oversees operations and implementing the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long-term value for its shareholders. The specific roles and responsibilities of the Chairperson and the Chief Executive Officer are outlined in the Board Charter, which is accessible on the Company's website at www.kpproperty.com.my.

iii. Roles and Responsibilities of the Company Secretaries

In order to uphold the Board effectiveness, the Board ensures that it is supported by qualified and competent Company Secretaries. Presently, the Board is assisted by two (2) qualified and competent Company Secretaries who are members of Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries support the Board in carrying out its fiduciary duties and stewardship role and play an advisory role to the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations, corporate disclosure and governance related practices.

All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees shall be the prerogative of the Board as a whole.

Further information of the roles and responsibilities carried out by the Company Secretaries during the Financial Year are set out in Practice 1.5 of the Company's CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

iv. Dissemination of Information to Directors

The Board understands that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. The Board ensures that each Director is provided with timely notices. Notice of meeting and meeting materials (including meeting minutes) are usually circulated to the Directors/Board Committee Members seven (7) days in advance of the meeting date to enable the Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations in order to be fully briefed before the meeting.

All Board members have unrestricted access to timely and accurate information in furtherance to their duties and may seek independent professional advice when necessary in discharging its various duties, at the Company's expense. The Independent Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the Management, when needed.

The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. Draft meeting minutes are circulated to the Chairperson of the meeting for review as soon as the minute is drafted. Meeting minutes record the proceedings of the meeting and resolutions passed by the Board/Board Committees including the names of the Directors abstained from voting or deliberation on a particular matter.

v. Establishment and Implementation of Board Charter, Corporate Code of Conduct & Code of Ethics, Whistleblowing Policy & Procedures and Anti-Bribery and Corruption Policy & Guidelines

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board has formally adopted a Board Charter and it was last reviewed on 26 May 2023. The Board Charter sets out, amongst others, the roles and responsibilities of the Chairperson, the Chief Executive, the Board, each Board Committees and the Management. It also sets out the processes and procedures for convening board meeting, governance matters, risk management, compliance and internal controls, etc. The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

In addition to the above, the Board has in place the Corporate Code of Conduct for the Board and the Management. The said Code of Conduct provides guidance to stakeholders on the ethical behaviour to be expected from the Group and sets out the Board's responsibilities as well as the Management's responsibilities to communicate, measure and monitor its values and performance to achieve objectives and to instil values.

The Board has formally adopted its Code of Ethics which sets out the principles and the expected standard of ethic and behaviour. The Group also practises "No Gift Policy" in dealing with third parties in order to manage conflicts of interest and corruption.

The Group practises an open and honest policy in enabling the employees to report on any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. Hence, the Board has established its Whistleblowing Policy & Procedure aimed to provide and facilitate a mechanism for any individual to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse. Stakeholders who know of, or suspect a violation of this policy may report the incidence and their concerns to the Audit and Risk Management Committee Chairman, Mr. Kuan Ying Tung by emailing to whistleblowing@kpproperty.com.my.

The Board has adopted the Anti-Bribery and Corruption Policy & Guidelines across the Group which is in line with the guidelines provided under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on 1 June 2020. The Board believes that the policy would be the key in ensuring a systematic approach to prevent corruption, and to comply with applicable legal and regulatory requirements in the various jurisdictions in which the Group operates. Every director, employee and person acting on the Group's behalf is responsible for maintaining the Group's reputation and for conducting company business honestly and professionally.

The Board Charter, Corporate Code of Conduct, Code of Ethics, Whistleblowing Policy & Procedure and Anti-Bribery and Corruption Policy & Guidelines are published on the Company's website at www.kpproperty.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

vi. Board Meeting Attendance and Directors' Training

The underlying factors of directors' commitment to the Company are devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least once every quarter and additional meetings are convened as and when necessary. During the Financial Year, five (5) Board meetings were held. The record of attendance is as follows:

| Directors | Number of Meetings Attended by Directors |
|----------------------|--|
| Datin Toh Siew Chuon | 5/5 |
| Tee Eng Seng | 4/5 |
| Kuan Ying Tung | 5/5 |
| Ir. Low Wu Shin | 4/5 |
| Tee Sun Ee | 5/5 |

Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with latest developments in the market place and new statutory and regulatory requirements. The training needs of each Director is assessed and proposed by the respective Directors.

Details of trainings attended by the Directors during the Financial Year are as follows:

| Name of Directors | Training Programmes Attended (Unless Otherwise Stated) | Date |
|----------------------|---|---|
| Datin Toh Siew Chuon | <ul style="list-style-type: none"> Sustainability Reporting & Management BDO Tax Webinar on Budget 2023 | 25 April 2022 15 March 2023 |
| Tee Eng Seng | <ul style="list-style-type: none"> Sustainability Reporting & Management BDO Tax Webinar on Budget 2023 | 25 April 2022 15 March 2023 |
| Kuan Ying Tung | <ul style="list-style-type: none"> Train-The-Trainer Sustainability Reporting & Management Briefing Session on SSM's Monitoring Framework for Auditors and Audit Firms ISA 315 (Revised 2019) Identifying and Assessing the Risks of Material Misstatement Transitioning from ISQC 1 to ISQM 1 & ISQM 2 - Including first time implementation requirements ISQC 1, ISQM 1 & ISQM 2, and ISA 220 (Revised), Incorporating Root Cause Analysis Update on Transfer Pricing Documentation Requirements BDO Tax Webinar on Budget 2023 Financial and Debt Management Initiatives for SMEs and Individuals | 15 April 2022 25 April 2022 26 August 2022 30 August 2022 12 September 2022 27 - 28 September 2022 23 February 2023 15 March 2023 8 June 2023 |
| Ir. Low Wu Shin | <ul style="list-style-type: none"> Sustainability Reporting & Management BDO Tax Webinar on Budget 2023 | 25 April 2022 15 March 2023 |
| Tee Sun Ee | <ul style="list-style-type: none"> Sustainability Reporting & Management BDO Tax Webinar on Budget 2023 | 25 April 2022 15 March 2023 |

Details of the Directors' directorships in other listed companies are set out in their respective profiles contained in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

vii. Board Composition and Independence

In order to drive the Board's leadership and effectiveness, the Board ensures that it has the right board composition to enhance the Board decision making process. The Board has adopted the Fit and Proper Policy on 15 June 2022 in line with the requirements of MMLR of Bursa Securities and MCGG. The purpose of the Fit and Proper Policy is to set out the Company's approach to the assessment of the fitness and propriety of key responsible persons, i.e. persons who hold, or who are the appointed or elected as Directors on the Board as well as Senior Management of the Group.

Presently, the Board consists of two (2) Executive Directors and three (3) Non-Executive Directors with a mixture of suitably qualified and experienced professionals. Three (3) out of five (5) of the Board members are Independent Directors which fully complied with the requirement for one third (1/3) of its members to be independent as stated in Paragraph 15.02(1) of the MMLR of Bursa Securities and fully complied with Practice 5.2 of the MCGG where it requires at least half of the Board members to be comprised of independent directors.

The Board is satisfied with its current composition of the Independent Non-Executive Directors in providing a check and balance as well as its diversity of perspectives and views in Board's decision-making process in which each Director has demonstrated their own skill sets, commitment and functional experiences.

On an annual basis, the Nomination Committee would review the independence of the Independent Directors. Criteria for assessment of independence are based on the requirements and definition of "independent director" as set out in the MMLR. Each Independent Directors is required to confirm their independence by giving the Board a written confirmation of their independence. In addition, consideration would also be given to assess whether the independent directors are able to act independently of management and free from any business or other relationship.

viii. Tenure Limit of Independent Directors

MCGG provides that at least half of the board comprises of independent directors. The MCGG further provides that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

The Board has outlined a policy to facilitate the annual independence assessment of the Company's Independent Directors. The Independent Directors Assessment Policy adopted by the Company provides that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of the first appointment. Upon completion of nine (9) years, the Board may subject to the assessment of the Nomination Committee, on an annual basis at annual general meeting, recommend and subject to valid justifications and obtaining shareholders' approval, retain an Independent Director beyond the nine (9) years' term through a two-tier voting process. Should the resolution tabled to the shareholders to retain an Independent Director who has served for nine (9) years or more in the same capacity defeated, the said Independent Director may continue to serve on the Board but shall be redesignated as a Non-Independent Non-Executive Director. Where the tenure of an Independent Directors exceeds a cumulative term of twelve (12) years or more in the same capacity, the said Independent Director if continue to serve on the Board, shall be redesignated to Non-Independent Non-Executive Director.

Having said that, the Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their length of service. Independence should also be judged based on the integrity and objectivity of the Independent Director in discharging his responsibilities. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. Nevertheless, none of the Independent Directors of the Company has served for a cumulative term of nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

ix. Diversity of the Board and Management

The Board recognises the benefit of gender diversity. The Board through its Nomination Committee will conduct Board appointment process in a manner that promotes gender diversity as formalised in the Gender Diversity Policy and Target ("**Gender Diversity Policy**") adopted by the Company on 26 May 2023. Based on the Gender Diversity Policy, the Board shall comprise at least one (1) woman director at all times. However, the Board endeavours to have at least 30% women directors on the Board. To achieve 30% women directors on Board as recommended in the MCCG, the Board will require to add one (1) more woman director to the present composition but the Board did not set a timeframe to fulfil the said MCCG's recommendation as the Board opined that finding a female candidate that is right fit for the Company is more important than other factors. Nevertheless, the Board is mindful of the said recommendation in the MCCG and would continue to assess and explore the opportunities.

At management level, a few senior management positions are held by women employees, including the newly appointed CEO. The Board will continue to provide a working environment that is conducive, fair and with equal opportunities within the Group and to commit to zero tolerance of workplace harassment, age, religious, ethnicity, race or gender discrimination.

The appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The current diversity in the ethnicity, age distribution and skillsets of the existing Board members are as follows:-

| | Race/Ethnicity | | | | Nationality | | Gender | |
|---|----------------|---------|--------|--------|-------------|---------|--------|--------|
| | Malay | Chinese | Indian | Others | Malaysian | Foreign | Male | Female |
| Executive Director | – | 2 | – | – | 2 | – | 1 | 1 |
| Independent and Non-Executive Director | – | 3 | – | – | 3 | – | 3 | – |

| Age Group | 40-49 years | 50-59 years | 70-79 years |
|---|-------------|-------------|-------------|
| Executive Director | – | 2 | – |
| Independent and Non-Executive Director | 2 | – | 1 |

| Skill | Accounting & Finance Management | Engineering | Business Management |
|---|---------------------------------|-------------|---------------------|
| Executive Director | 1 | 1 | 2 |
| Independent and Non-Executive Director | 3 | 1 | 3 |
| NB: All the Directors have more than 1 skill. | | | |

It shall be noted that all Executive Directors are also the top senior management of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

x. Chairmanship of Nomination Committee, Board Appointment and Annual Evaluation

The Nomination Committee is chaired by an Independent Non-Executive Director and comprises exclusively of Independent Non-Executive Directors. The Nomination Committee is empowered to identify and recommend new appointments to the Board. Potential candidates may be proposed by existing Board members, senior management, major shareholders and third-party referral/sources to identify suitably qualified candidates, when necessary. New board candidates proposed to fill vacancy arises from resignation, retirement or any other reasons will be reviewed by Nomination Committee before recommending to the Board for further deliberation. The evaluation process may include, reviewing the candidate's resume, biographic information, qualifications, skills, knowledge, expertise, experience, competency and his/her understanding of the Group's business environment. For appointment of Independent Directors, the Nomination Committee would also assess whether the candidate meets the requirements for independence based on the criteria prescribed in the MMLR of Bursa Securities.

Any Board Member, while holding office, is at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Group and that it would not detrimentally affect his or her performance as a Board member of the Company. Pursuant to the Board Charter, any Director, before accepting an offer of appointment of other directorships, shall notify the Chairperson of the Board on the acceptance of the proposed appointment.

The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees. The Board acknowledges the recommendation of the MCCG to engage independent experts periodically to facilitate objective and candid Board evaluation. Presently, the annual assessment by the Board on its effectiveness is conducted internally by the Management and the Board opined that the present arrangement is suffice and adequate. The Board would engage the services of independent experts when the need arises.

Currently, the effectiveness of the Board and Board Committees is assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc.

During the annual assessment exercise, the Directors are given a performance evaluation sheets for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted and tabled to the Nomination Committee for review in due course. For good corporate governance, the Nomination Committee did not review its own effectiveness and the performance of the Nomination Committee members. Instead, such review was carried out by the Board as a whole with the members of the Nomination Committee abstained from deliberation. In view that the Nomination Committee members are also members of the Remuneration Committee and the Audit and Risk Management Committee, the assessment of the effectiveness and performances of the Remuneration Committee and the Audit and Risk Management Committee were also carried out by the Board.

The results of the annual assessment on the Board, the Board Committees and individual Directors for the Financial Year were all satisfactory.

The Directors who are subject to re-election and/or re-appointment at the next Annual General Meeting shall be assessed by the Nomination Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nomination Committee would be based on inter-alia the yearly assessment conducted. Also, each of the Directors are required to declare that he or she remains a fit and proper person.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

x. Chairmanship of Nomination Committee, Board Appointment and Annual Evaluation (cont'd)

In addition to its responsibility for identifying and recommending new appointments to the Board, the Nomination Committee is also delegated by the Board to identify, nominate and review the appointment of Senior Management. Following the Financial Year, on 10 July 2023, the Nomination Committee evaluated the nomination and appointment of Ms. Joanne Lee Sor Phaik as CEO. This nomination was proposed by the senior management and subsequently approved by the Board on recommendation of the Nomination Committee. In assessing the suitability of Ms. Joanne Lee as the CEO, the Nomination Committee conducted a fit and proper assessment of the candidate in line with the Company's Fit and Proper Policy.

During the assessment process, the Nomination Committee considered various factors based on the specific criteria, included evaluating the candidate's character and integrity, experience, competence and capability, financial integrity, and time management and commitment.

xi. Remuneration Committee and Remuneration of the Board & Senior Management

The Remuneration Committee is chaired by an Independent Director and comprises exclusively of Independent Non-Executive Directors. The Remuneration Committee is tasked to review the remuneration policy for the Directors and Senior Management of the Group.

The remuneration policy of the Company provides that all Executive Directors and 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 experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board.

The remuneration of the Executive Directors and Senior Management shall be reviewed and determined by the Remuneration Committee, who makes recommendation to the Board for approval. On the recommendation of the Remuneration Committee, the Board reviews and approves the remuneration of the Executive Directors with the respective Executive Director abstained from discussions and decisions on their own remuneration. Under normal circumstances, the respective Director(s) would be excused from the relevant meetings before the deliberation on their remuneration take place.

The Executive Directors shall be entitled to participate in the Company's annual cash bonus. The amount of bonus shall be reviewed and determined by the Remuneration Committee, who makes recommendation to the Board for approval. Salaries (fixed sum or by way of a percentage of profits) and other remuneration including benefits payable to Executive Directors pursuant to a contract of service need not be determined by the Company in general meeting and it may not include a commission on or a percentage of turnover. Executive Directors shall also be entitled to other benefits provided to employee of the Company and other additional benefits, if so, recommended by the Remuneration Committee to the Board for approval.

The remuneration of Non-Executive Directors, which is made up of Directors' fee, meeting allowance and other benefits, if any, proposed by the Remuneration Committee is determined by the Board. The said fees and any benefits payable to the Non-Executive Directors shall be subject to approval at general meeting in accordance with the provisions in the Constitution of the Company.

All Non-Executive Directors (regardless their chairmanship in the Board and/or Board Committee) are currently paid fixed director fees as a member of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

xi. Remuneration Committee and Remuneration of the Board & Senior Management (cont'd)

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. At the last Annual General Meeting held on 23 August 2022, the Company had obtained shareholders' approval for the payment of Directors' fees of RM200,000 to the Non-Executive Directors for their services as Directors in respect of the financial year ended 31 March 2022. At the said general meeting, the Company had also obtained shareholders' approval to empower the Board to pay directors' benefits of not more than RM50,000 per annum to the Non-Executive Directors as meeting allowance for attendance of Board and Board Committee meetings for the period from 23 August 2022 until the next annual general meeting.

The amount of Directors' fee proposed for the shareholders' approval at the forthcoming AGM is RM138,000 in respect of the financial year ended 31 March 2023. In addition, shareholders' approval will also be sought at the forthcoming AGM for the payment of Directors' benefit (excluding Directors' fees) to the non-executive directors up to an amount of RM50,000 from the forthcoming 30th Annual General Meeting until the following annual general meeting of the Company.

The details of remuneration paid or payable to the Directors for the Financial Year are as follows:

| Received from a subsidiary | EXECUTIVE DIRECTORS | |
|----------------------------|----------------------------------|--------------------------|
| | Datin Toh Siew Chuon (RM'000) | Tee Eng Seng (RM'000) |
| Salaries | 576 | 576 |
| Bonus | 159 | 159 |
| Other Emoluments | 89 | 89 |
| Total | 824 | 824 |

| Received from the Company | INDEPENDENT NON-EXECUTIVE DIRECTORS | | |
|---------------------------|-------------------------------------|-----------------------------|------------------------|
| | Kuan Ying Tung (RM'000) | Ir. Low Wu Shin (RM'000) | Tee Sun Ee (RM'000) |
| Directors' Fee | 58.0 | 40.0 | 40.0 |
| Meeting Allowances | 7.5 | 5.5 | 7.5 |
| Total | 65.5 | 45.5 | 47.5 |

It shall be noted that all Executive Directors are also the top senior management. As required under the MCGG to disclose top five (5) Senior Management's remuneration in the band of RM50,000, the table append below shows the remuneration of the Executive Directors (who are also the top senior management) in the following bands:-

| Remuneration Band (RM'000) | EXECUTIVE DIRECTORS/SENIOR MANAGEMENT | |
|----------------------------|---------------------------------------|--------------|
| | Datin Toh Siew Chuon | Tee Eng Seng |
| RM800 to RM850 | √ | √ |

Subsequent to the Financial Year, on 10 July 2023, the Remuneration Committee reviewed the remuneration package of Ms. Joanne Lee Sor Phaik, the new CEO. The remuneration package for Ms. Joanne Lee was proposed by the senior management and subsequently approved by the Board on recommendation of the Remuneration Committee. During the assessment process, the Remuneration Committee considered the same criteria used by the Nomination Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

i. Chairmanship of the ARMC and Independence of the ARMC

The Board has established an effective and independent ARMC. The members of ARMC comprising fully Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the Board. The Chairman of the ARMC is a member of the Malaysian Institute of Accountants.

The ARMC has policy that requires a former partner of the external audit firm to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. This applies to all former partners of the audit firm and/or the affiliates firm (including those providing advisory services, tax consultancy, etc). None of the present members of the ARMC were former audit partners of the Company's auditors. With the present composition structure and practice, the ARMC is able to objectively review and report its findings and recommendations to the Board.

Collectively, the ARMC possesses a wide range of necessary skills to discharge its duties and members of the ARMC are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process. In order to strengthen the present financial literacy of each member, all members of the ARMC will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules. Periodically, Companies Secretaries, External Auditors and Internal Auditor update the ARMC on changes to the relevant guidelines, laws and regulations and accounting standards to ensure the ARMC members are kept abreast with latest developments in the statutory and accounting requirements.

For effectiveness and independence conduct of the ARMC's functions, the ARMC have separate discussions with the External Auditors without the presence of the Executive Directors and employees of the Group as and when necessary to discuss matters that the ARMC or the auditors believe should be discussed privately or to have a discussion about any matters of significance that arose during the audit process.

Also, as part of the ARMC's review processes, the ARMC will obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

ii. Assessment of External Auditors

Annually, the ARMC will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board for approval for seeking shareholders' approval at the forthcoming annual general meeting for re-appointment. In assessing the External Auditors, the ARMC will take into consideration the adequacy of resources of the firm, quality of service and clarity of presentation of report produced, appropriateness of audit fees to perform audit, competency of the staffs assigned to the audit as well as the auditors' independence to determine the suitability and objectivity of the External Auditors.

iii. Establishment of Risk Management and Internal Control Framework

The Board is responsible for the overall risk management in the Group while Executive Directors together with the senior management team are primary responsible for managing risks in the Group. Issues related to risk management and internal control were also discussed and presented to the ARMC during its sitting/meetings. During the Financial Year, ARMC has conducted an independent assessment of the effectiveness of the Group's Enterprise Risk Management. The Board opined that foregoing approach is suffice for the time being to oversees the company's risk management framework and policies. The Board has also commented in its Statement of Risk Management and Internal Control contained in this Annual Report that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control. Further details of Group's risk management and internal control framework covering the risk policy, risk appetite, risk assessment and the review process by the Board and ARMC and the key internal controls can be found in the said Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

iv. Effectiveness of Internal Audit

The ARMC is responsible for reviewing the engagement of the Internal Auditor. In assessing the Internal Auditor, the ARMC will take into consideration the adequacy of resources of the firm, quality of service, and competency of the staff assigned to the audit as well as the auditors' independence and fee to determine the suitability and objectivity of the Internal Auditors.

For the Financial Year under review, the Internal Audit Function was outsourced to Tricor Axcelasia Sdn. Bhd., an independent professional service provider whose principal responsibility is to undertake internal audits in accordance with the approved risk-based internal audit plan. The outsourced internal audit function was headed by Ms. Melissa Koay, Executive Director. She is a Certified Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants, and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Ms. Melissa is also a Certified Internal Auditor. The team members who performed the internal audit assessment include an Executive Director and another two (2) to three (3) members who possess accounting qualifications and/or a university degree. The internal audits conducted are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors Inc.

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

i. Communication with Stakeholders

The Company recognises the importance of keeping shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time.

The Group maintains a website at www.kpproperty.com.my where shareholders or investors may access information on the Group under "Investor Relations" link encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter, Terms of Reference of Board Committees, Corporate Code of Conduct and Code of Ethics, Whistleblowing Policy & Procedure, Anti-Bribery and Corruption Policy & Guidelines and Directors' Fit and Proper Policy.

The following personnel has been identified as the investor contact person of the Group:

Contact Person : Mr. Yong Kah Hu (Group Finance and Accounting Manager)
Tel : 603 - 6277 2666
Email : ir@kpproperty.com.my

Periodically, the Group had also conducted analyst during the year to provide detailed explanation and presentation about the business performance of the Group and its prospect.

Shareholders and investors are also encouraged to interact and provide feedback to the Chairperson or any Executive Directors for opinions or concerns. The Board had also identified Mr. Kuan Ying Tung to act as the Independent Director to provide shareholders and investors with an alternative to convey their concerns and seek independent view.

Separately, the Company has also reported its Sustainability Report in this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

ii. Conduct of General Meetings

The Company's general meeting remains the principal forum for dialogue with shareholders, in particular, private investors, whereby they are provided with an opportunity to participate, raise questions pertaining to issues in the Annual Report, Audited Financial Statements and corporate developments/proposals of the Group, the resolutions being proposed and/or on the business of the Group and communicate their expectations and possible concerns.

The Board had adopted the recommendation of MCGG for the notice of general meetings to be given to shareholders at least 28 days prior to the meetings. All Board members will ensure their attendance in the general meetings and the respective chairman of the Board Committees, Senior Management and the Group's external auditors as well as the Company's advisers shall attend to respond to shareholders' questions during the general meetings of the Company as the case may be.

Explanation for each proposed resolution is set out in the notice of general meetings to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A (1) of the MMLR, all resolutions set out in the notice of general meetings will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the general meetings. The outcome of the general meetings will then be announced to Bursa Securities on the same meeting day while the summary of key matters of the annual general meeting, if any, discussed during the said general meetings will be posted on the Company website. Minutes of general meetings will be published on the Company's website no later than 30 business days after the general meeting to comply with the recommended Practice 13.6 of the MCGG.

The Company hold its general meetings at the time and venue which are convenient and easily accessible to all shareholders. The Company will also leverage technology for smooth conduct and/or broadcast of virtual general meetings (virtual, fully virtual or hybrid) to facilitate greater shareholders' participation and engagement with the Board as well as to enhance the proceedings of general meetings, including voting in absentia (i.e. without being physically present at general meetings) and remote shareholders' participation where shareholders are provided with sufficient opportunity to pose questions during the general meetings and receive meaningful responses.

General meetings of the Company remain important avenues for the Board and Management to have better engagement with the shareholders present.

Only shareholders whose names appear in the Record of Depositors as at the date determined are entitled to attend and vote at the General Meetings. Shareholders are encouraged to attend general meetings of the Company. Shareholders who are unable to attend the general meetings are advised that they can appoint proxy(ies) to attend and vote on their behalf.

This Statement is made in accordance with the resolution of the Board dated 26 July 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY

FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to ensure that the financial statements for each financial year give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year is in compliance with Companies Act 2016 and in accordance with the applicable approved accounting standards.

In preparing those financial statements, the Directors of the Company are required to:

- Adopt appropriate accounting policies and then applied them consistently in accordance to approved accounting standards;
- Make judgment and estimates that are prudent and reasonable;
- Ensure that applicable accounting standards have been complied with, subject to any material departures which have been adequately disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and that the financial statements comply with the Companies Act 2016.

This statement was made in accordance with a resolution of the Board of Directors dated 26 July 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("**Board**") of Kerjaya Prospek Property Berhad ("**Company**") is pleased to present the report of its Audit and Risk Management Committee ("**ARMC**") for the financial year ended 31 March 2023 ("**Financial Year**").

The primary objective of the ARMC is to assist the Board in discharging its statutory duties and responsibilities relating to the corporate accounting and financial reporting practices for the Company and all its subsidiaries ("**Group**") and to ensure the adequacy and effectiveness of the Group's system of internal control and risk management, providing oversight of both external and internal audit functions.

1. COMPOSITION AND MEETINGS

The ARMC is established by the Board and comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the ARMC is appointed by the Board and is an Independent Non-Executive Director. This meets the requirements of paragraphs 15.09 and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**").

The members of the ARMC and their attendance at the ARMC meetings held during the Financial Year are shown in the table below:-

| Name of the ARMC Member and Directorship | Number of Meetings Attended |
|--|-----------------------------|
| Mr. Kuan Ying Tung – Chairman <i>Independent Non-Executive Director</i> | 5/5 |
| Ir. Low Wu Shin – Member <i>Independent Non-Executive Director</i> | 4/5 |
| Mr. Tee Sun Ee – Member <i>Independent Non-Executive Director</i> | 5/5 |

A full agenda and comprehensive set of meeting papers were circulated to each ARMC members with sufficient notification prior to each meeting. There were five (5) ARMC sittings during the Financial Year. The Internal and External Auditors were called in when relevant.

The representatives from the Management attended the meetings by invitation for purposes of briefing the ARMC on reports presented at the meeting and to clarify on issues that the ARMC may have with regard to the activities involving their areas of responsibilities.

At the invitation of the ARMC, the Internal Auditor attended three (3) meetings during the Financial Year whilst the External Auditors attended three (3) meetings. During the Financial Year under review, the ARMC had met separately with the External Auditors without the presence of the Management.

Proceedings of each ARMC meeting are recorded and minutes of meetings are generally tabled for confirmation at the next following ARMC meeting and subsequently presented to the Board at Board meeting for information. The Company Secretary is the Secretary to the ARMC.

2. TERMS OF REFERENCE

The ARMC is governed by its Terms of Reference, a copy of which is published on the Company's website at www.kpproperty.com.my for shareholders' reference.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. WORK DONE BY THE ARMC DURING THE FINANCIAL YEAR

In accordance with its Terms of Reference, the works undertaken by the ARMC during the Financial Year included the deliberation and review of the following:-

- (1) Reviewed the Company's quarterly financial report through discussions with Management before recommending to the Board's consideration and approval, focusing particularly on financial reporting issues, significant judgement made by management and unusual events and compliance with accounting standards and other legal requirements.
- (2) Reviewed with the External Auditors on:
 - (i) the audit planning memorandum, audit strategy and scope of work for the Financial Year; and
 - (ii) the results of the annual audit and accounting issues arising from the audit, their audit report and management letter together with Management's responses to the findings of the External Auditors.
- (3) Reviewed the provision of non-audit services by the External Auditors, the performance of the External Auditors and evaluated their suitability and independence before making recommendations to the Board on their re-appointment.
- (4) Reviewed the annual audited financial statements of the Company for the financial year ended 31 March 2022. The review focused particularly on changes of accounting policy, significant matters highlighted including financial reporting issues, significant and unusual events/transactions and how these matters are addressed and in compliance with applicable approved accounting standards in Malaysia.
- (5) Reviewed the related party transactions and any conflict-of-interest situation that may arise within the Group and to ensure that they are not more favourable to the related parties than those generally available to the public and complies with the MMLR.
- (6) Reviewed the Circular to Shareholders in relation to the Renewal of the Recurrent Related Party Transactions Mandate and recommended to the Board to seek shareholders' approval for renewal of the said mandate.
- (7) Reviewed the ARMC Report and Statement on Risk Management & Internal Control for inclusion in the annual report of the Company.
- (8) Reported to the Board on matters discussed and addressed at the ARMC meetings.
- (9) Reviewed with the Internal Auditor on:-
 - (i) the annual internal audit plan on adequacy of scope and coverage on the activities of the Group. Audit areas were discussed and annual internal audit plan was approved for adoption; and
 - (ii) the internal audit reports presented by the Internal Auditor on their findings and recommendations with respect to system and control weaknesses and Management's responses to these recommendations and actions taken to improve the system of internal control and procedures.
- (10) Reviewed the status of compliance of the Company with regard to the Malaysian Code on Corporate Governance, which are within the scope and functions of the ARMC, for the purposes of disclosure in the Corporate Governance Overview Statement pursuant to the requirements of paragraph 15.25 of MMLR; and
- (11) Reviewed the Enterprise Risk Management Report presented by the Management containing the consolidated risk assessment and status update on the implementation of the action plan from the last review and assessed the appropriateness of the Management's responses to key risk areas and the proposed recommendations to be implemented for improvement.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

4. INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES DURING THE FINANCIAL YEAR

The internal audit function is an integral part of the assurance mechanism in ensuring that the Group's systems of internal control are adequate and effective. The internal audit function is outsourced to Tricor Axcelasia Sdn. Bhd., an external professional firm and the personnel handling the Group's audits are free from any relationship or conflict of interest, which could impair their objectivity and independence. The Internal Auditor report directly to the ARMC and assist the ARMC to discharge its duties and responsibilities.

The number of staff deployed for the internal audit reviews was three to four staff per cycle including the Engagement Director. The staff involved in the internal audit reviews possesses professional qualification and/or a university degree. Most of them are members of the Institute of Internal Auditor Malaysia. All of the staff involved in the internal audit were required to provide a conflict-of-interest declaration annually as well as the declaration on compliance of code of ethics from the Institute of Internal Auditors.

The Internal Auditor prepare and table the Risk-Based Internal Audit Plan for the consideration and approval of the ARMC. They conduct independent reviews of the key activities of the Group's operations based on Internal Audit Plan approved by the ARMC.

During the Financial Year, the Internal Auditors have carried out field audit works covering (a) sales and marketing, building maintenance and security for hotel operation, (b) corporate planning and human resources management of the Group and (c) follow-up of prior internal audit reports to assess the key internal controls used to manage the risk associated with operation processes and providing the ARMC with independent views on the adequacy and effectiveness of the system of internal control.

Prior to the presentation of report to the ARMC, comments from the Management are obtained and incorporated into the internal audit findings and reports.

The internal audit was conducted using a risk-based approach and is guided by the International Professional Practices Framework (IPPF).

The costs incurred in maintaining the outsourced the internal audit function for the Financial Year is RM38,000.

5. OTHER INFORMATION

The Nomination Committee had at its meeting held on 22 July 2022 assessed the performance of the ARMC through an annual Board Committee effectiveness assessment. The Nomination Committee is satisfied that the ARMC discharged their functions, duties and responsibilities in accordance to the ARMC's Terms of Reference. The result of the assessment was reported to the Board and the Board is in concurrence with the Nomination Committee with regard to the performance of the ARMC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Kerjaya Prospek Property Berhad (the “**Board**”) is committed to nurture and maintain throughout the Group, a sound system of risk management and internal controls and good corporate governance practices to safeguard shareholders’ investment and the Group’s assets in accordance to Malaysian Code on Corporate Governance. The Board hereby presents its Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“**MMLR**”) during the financial year ended 31 March 2023 (“**Statement**”). In producing this Statement, the Board has considered the latest Malaysian Code on Corporate Governance and is guided by the “Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers” (“**Guidelines**”).

THE BOARD’S RESPONSIBILITIES

As the Group operates in a dynamic business environment, sound risk management and internal control systems must be in place to help the Group to achieve its business objectives. The Board acknowledges its responsibility in maintaining a sound and effective risk management and internal control system to safeguard shareholders’ investment and the Group’s assets.

The Board is assisted by the Audit and Risk Management Committee (“**ARMC**”) to oversee the Group’s overall risk management framework and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk treatment / mitigation plans for the management and control of the key risks.

These processes are in place for identifying, evaluating, monitoring and managing significant risks that may impede the achievement of the Group’s business and corporate objectives.

Annually, the ARMC shall seek assurance from the Management that the Company has complied with their appropriate risk management framework; and it was effective and adequate systems of internal control are in place to address these risks.

RISK MANAGEMENT

The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This is to ensure that all high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group’s management system and it is every employee’s responsibility. The Group firmly believes that risk management is critical for the Group’s continued profitability and the enhancement of shareholder value. The risk profile of the Group was established during risk mapping and assessment sessions. The risk responses and internal controls that the Management has taken and/or is taking are documented in the risk templates. For each of the risks identified, a risk owner is assigned to ensure appropriate risk response actions are carried out and the implementation of the actions are being closely monitored.

The Board regards risk management as an integral part of the Group’s business operations and has oversight over this critical area through the ARMC. The ARMC provides an independent assessment of the effectiveness of the Group’s Enterprise Risk Management (“**ERM**”) framework and reports to the Board annually. The Group’s ERM is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group’s internal and external environment.

The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

During the financial year under review, the following risk management activities were carried out:

- Risk review and update by the respective Heads of Departments, where key risks identified were rated in terms of likelihood of the risk occurring and its impact should the risk occur;
- Update of the Group's risk profile based on risk review and update;
- The results of the risk review and update were reported to the ARMC; and
- ARMC reports to the Board.

The Board recognises the importance of effective ERM in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises. The abovementioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks for the financial year under review and up to the date of approval of this Statement.

Monitoring Activities

During the year, the following monitoring activities were undertaken to provide assurance on the effectiveness of risk management and internal controls:

- a) The Board through the ARMC has reviewed the risk management updates as well as the progress of compliance status of the internal control and risk management system; and
- b) The ARMC has reviewed the process and compliance, exceptions identified by external auditors and internal auditors on a periodic basis. The implementation of the recommendations is tracked and reported to the ARMC on a periodic basis.

The Management has taken the necessary actions to remediate weaknesses identified for the year under review. The Board and senior leadership continuously assess the effectiveness of monitoring activities over risks and take measures to strengthen our risk management and internal control environment.

INTERNAL AUDIT FUNCTION

The Board has engaged a professional service firm to assist the Board in reviewing and strengthening the Group systems of internal control. The Internal Audit Function reports to the ARMC directly and has organised its work covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the internal audit findings. ARMC approves the internal audit plan and monitors the progress of the audit periodically. The results of the internal audit reviews are reported to ARMC and ARMC will subsequently report to Board for further review. A follow-up review will also be conducted to ensure that recommendations for improvement are implemented by Management accordingly. Further details of the internal audit function are set out in the ARMC Report included in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

OTHER KEY ELEMENTS OF THE GROUP'S CONTROL ENVIRONMENT

Apart from risk management and internal audit, the Board has put in place the following pertinent measures to strengthen the internal control systems of the Group:

- (1) Documented policies and procedures are in place for key operating processes;
- (2) Structured organisation chart and clear lines of reporting and responsibilities is maintained to enforce accountability. Line of authority is clearly defined and communicated to all staffs;
- (3) Quarterly meetings are held between ARMC and Management to review the financial results and to discuss new updates on regulatory, accounting and tax, if any;
- (4) Regular meetings between Executive Directors and Management to understand the achievements and challenges relating to productivity, progression of projects, quality control, defects and complaints in order to decide on necessary action plans timely;
- (5) Budgeted project costing and cash flow are prepared to monitor the cost and to prevent any significant mismatch of cash inflows and outflows;
- (6) Review and approval of investment and corporate exercise by the Board and ARMC;
- (7) Review of related party transactions; and
- (8) ARMC's review of the quarterly financial reports, annual financial statements and internal audit reports. Discussions with Management were held to deliberate on actions to be taken to address internal control matters identified by the Internal Auditors.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Guidelines, Management is responsible to highlight risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance. For the financial year under review, the Board has received assurance from Executive Chairperson and Executive Director that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material respects.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the annual report for the financial year ended 31 March 2023. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require external auditor to form an opinion on the effectiveness of the Group's risk management and internal control system.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

BOARD ASSURANCE AND LIMITATION

For the financial year under review, there was no material loss resulted from significant control weaknesses that would require disclosure in the Annual Report. The Board is satisfied that the existing level of systems of internal control and risk management are fairly effective to enable the Group to achieve its business objectives. Nevertheless, the Board wishes to advise that systems of risk management and internal control are designed to manage risks to a reasonable level rather than to eliminate the risk of failure to achieve the Group's business objectives. It can therefore only provide reasonable but not absolute assurance against material misstatement or financial losses or fraud.

This Statement is made in accordance with the resolution of the Board dated 26 July 2023.

NOMINATION COMMITTEE STATEMENT

The Board of Directors (“**Board**”) of Kerjaya Prospek Property Berhad (“**Company**”) is pleased to present the report of its Nomination Committee for the financial year ended 31 March 2023.

The primary objective of the Nomination Committee is to assist the Board in establishing board nomination policy and examining/recommending the skills and characteristics required of board candidates, assessing the recommended candidates to fill vacancies on the Board which require the Board’s approval; and assessing and evaluating the performance of the Board and individual directors’ effectiveness on an annual basis.

Information on the Nomination Committee, board appointment and annual evaluation can also be found in Corporate Governance Overview Statement of this Annual Report.

1. COMPOSITION OF NOMINATION COMMITTEE

The present Nomination Committee comprises three (3) Non-Executive Directors, all of whom are Independent Directors and is chaired by an Independent Non-Executive Director, Mr. Kuan Ying Tung.

| | | |
|----------|---|--|
| Chairman | : | Mr. Kuan Ying Tung (Independent Non-Executive Director) |
| Members | : | Ir. Low Wu Shin (Independent Non-Executive Director) |
| | : | Mr. Tee Sun Ee (Independent Non-Executive Director) |

2. ACTIVITIES OF THE NOMINATION COMMITTEE

The annual principal functions of the Nomination Committee is to assess and review the performance of the Board, Board of Directors and Board Committees and to consider the appropriate size and composition of the Board. The underlying policy in determining the size and composition of the Board is based on the consideration of the complexity and scale of operations of the Company and the Group, the Board balance and the Board’s capacity to discharge its responsibilities effectively.

Following are the summary of the review activities and the criteria and processes carried out by the Nomination Committee during the financial year ended 31 March 2023 (“Financial Year”) up to the date of issuance of this Annual Report:-

i. Review of the Performance and Effectiveness of the Board, Board Committees and Individual Directors

The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peers, quality of the input of the Directors and their understanding of their respective roles.

During the assessment exercise, the Directors will be given a performance evaluation sheet for Individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. In view that the Nomination Committee members are also members of the Remuneration Committee and the Audit and Risk Management Committee, the assessment of the effectiveness and performances of the Nomination Committee, Remuneration Committee and the Audit and Risk Management Committee are carried out by the Board with the members of the respective committees abstained from deliberation.

NOMINATION COMMITTEE STATEMENT (CONT'D)

2. ACTIVITIES OF THE NOMINATION COMMITTEE (CONT'D)

ii. Annual Independence Assessment

On an annual basis, the Nomination Committee will review the independence of the Independent Directors. Criteria for assessment of independence are primarily based on the requirements and definition of "independent director" as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the integrity and objectivity of the independent director in discharging his duties. Presently, none of the Independent Directors had served the Board for a cumulative term of beyond nine (9) years.

iii. Evaluation of Directors Standing for Re-Election at the Forthcoming Annual General Meeting

In recommending the Directors for re-election to the Board, the Nomination Committee would refer to the individual Directors' annual assessment result to ensure that the feedback given and scoring achieved by the relevant directors who are retiring by rotation are satisfactory. The assessment took into consideration the criteria set out in the Company's Fit and Proper Policy, a copy of which is available on the Company's website at www.kpproperty.com.my.

iv. Terms of Reference ("TOR") of Nomination Committee

The Nomination Committee had reviewed and updated the TOR of Nomination Committee to ensure that it is in line with the Main Market Listing Requirement and the Malaysian Code on Corporate Governance and recommended the proposed changes to the Board for approval.

The TOR of the Nomination Committee can be viewed at the Company's website at www.kpproperty.com.my.

v. Nomination of Appointment of Chief Executive Officer

The Nomination Committee had assessed the following nomination of appointment of Chief Executive Officer ("CEO") proposed by the senior management before recommending it to the Board for approval:-

| Date | Name | Designation |
|-----------|----------------------|-------------------------|
| 10.7.2023 | Joanne Lee Sor Phaik | Chief Executive Officer |

The said assessment was carried out in accordance with the newly Board-adopted Fit & Proper Policy which sets out the approach, guidelines and procedures for the assessment of the fitness and propriety for the appointment of the Key Responsible Person of the Group.

In evaluating the suitability of the candidate, the Nomination Committee considers, inter-alia, her background, personal qualities, knowledge, fit and proper criteria (integrity, competency, experience, commitment (including time commitment), potential contribution to the Group, the current and future needs of the Group, and any existing or potential conflict of interest that could affect the execution of the role as a CEO.

This is consistent with the Group's practice of being an equal opportunity employer where all appointments and employments are based strictly on merit and are not driven by any racial or gender bias.

OTHER INFORMATION

UTILISATION OF PROCEEDS

The Company did not raised fund through any corporate proposal during the financial year.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the External Auditors by the Company and its subsidiaries for the financial year are as follows:-

| | The Company | The Group |
|---------------------------|---|---|
| Audit fees | 47,000 | 231,000 |
| Non-audit fees | 9,000 | 9,000 |
| Purpose of non-audit fees | Review of Statement on Risk Management and Internal Control | Review of Statement on Risk Management and Internal Control |

MATERIAL CONTRACTS

There is no material contract entered into by the Company and its subsidiaries involving the Directors' and major shareholders' interest, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The recurrent related party transactions of a revenue or trading nature of the Group conducted pursuant to the shareholders' mandate during the financial year ended 31 March 2023 are as follows:

| Transacting Parties | Interested Related Parties | Nature of Transaction | Aggregate Value (RM'000) |
|---|---|---|--------------------------|
| Kerjaya Prospek Property Berhad and its subsidiaries Kerjaya Prospek Group Berhad and its subsidiaries | Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Javawana Sdn. Bhd. Kerjaya Prospek Group Berhad and its subsidiaries | Supply of light fittings, kitchen cabinetry, hardware and all sorts of construction and building materials, provision of interior design works and masonry works by Kerjaya Prospek Property Berhad and its subsidiaries to Kerjaya Prospek Group Berhad and its subsidiaries and vice versa. | – |
| | | Provision of general building and construction works by Kerjaya Prospek Property Berhad and its subsidiaries to Kerjaya Prospek Group Berhad and its subsidiaries and vice versa. | 1,388 |
| | | Utilities charges, maintenance charges and other related services, which including but not limited to secondment of staffs, renting of machineries, renting of premises, provision of hospitality services and provision of property management services by Kerjaya Prospek Property Berhad and its subsidiaries to Kerjaya Prospek Group Berhad and its subsidiaries and vice versa. | 354 |

OTHER INFORMATION (CONT'D)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

The recurrent related party transactions of a revenue or trading nature of the Group conducted pursuant to the shareholders' mandate during the financial year ended 31 March 2023 are as follows: (cont'd)

| Transacting Parties | Interested Related Parties | Nature of Transaction | Aggregate Value (RM'000) |
|--|---|---|--------------------------|
| Kerjaya Prospek Property Berhad and its subsidiaries Tee Eng Seng Toh Siew Chuon | Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon | Renting of premises by Tee Eng Seng and Datin Toh Siew Chuon to Kerjaya Prospek Property Berhad and its subsidiaries. | 227 |
| Kerjaya Prospek Property Berhad and its subsidiaries Dekad Intelek Sdn Bhd | Datuk Tee Eng Ho Tee Eng Seng Datin Toh Siew Chuon Dekad Intelek Sdn Bhd | Renting of premises by Dekad Intelek Sdn Bhd to Kerjaya Prospek Property Berhad and its subsidiaries. | 223 |

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

The Directors regard Javawana Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company during the financial year and until the date of this report.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

| | Group RM'000 | Company RM'000 |
|--|-----------------|-------------------|
| Profit for the financial year attributable to: | | |
| Owners of the Company | 91,512 | 18,095 |
| Non-controlling interests | 4 | – |
| | <hr/> 91,516 | <hr/> 18,095 |

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company and declared by the Directors were as follows:

| | Company RM'000 |
|--|-------------------|
| i) In respect of the financial year ended 31 March 2023: | |
| • first interim dividend of 1.0 sen per ordinary share declared on 23 August 2022 and paid on 28 September 2022; and | 3,922 |
| • second interim dividend of 1.0 sen per ordinary share declared on 24 February 2023 and paid on 30 March 2023 | 3,841 |
| | <hr/> 7,763 |

DIRECTORS' REPORT (CONT'D)

DIVIDENDS (CONT'D)

Since the end of the previous financial year, the amount of dividends paid by the Company and declared by the Directors were as follows (cont'd):

| | Company RM'000 |
|--|-------------------|
| ii) Subsequent to financial year ended 31 March 2023: | |
| • a third interim dividend of 1.0 sen per ordinary share declared on 26 May 2023 and paid on 4 July 2023 | 3,676 |

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Datin Toh Siew Chuon
 Ir. Low Wu Shin
 Kuan Ying Tung
 Tee Eng Seng
 Tee Sun Ee

DIRECTORS OF THE SUBSIDIARIES

The Directors who served in the subsidiaries during the financial year until the date of this report are:

Datuk Tee Eng Ho
 Datin Toh Siew Chuon
 Tee Eng Seng

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the financial year end as recorded in the Register of Directors' Shareholdings are as follows:

| | At 1.4.2022 | Number of ordinary shares | | At 31.3.2023 |
|---|----------------|---------------------------|------|-----------------|
| | | Bought | Sold | |
| <i>Shareholdings in the ultimate holding company which Directors have interests</i> | | | | |
| Datin Toh Siew Chuon | | | | |
| – Direct interest | 2,500,000 | – | – | 2,500,000 |
| – Deemed interest* | 2,500,000 | – | – | 2,500,000 |
| Tee Eng Seng – Direct interest | 5,000,000 | – | – | 5,000,000 |
| <i>Shareholdings in the Company which Director have direct interests</i> | | | | |
| Tee Sun Ee | 80,000 | 127,300 | – | 207,300 |

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

| | Number of ordinary shares | | | |
|--|--|--------|-----------|----------------------------|
| | At 1.4.2022 | Bought | Sold | At 31.3.2023 |
| <i>Shareholdings in the Company which Directors have deemed interests</i> | | | | |
| Datin Toh Siew Chuon | 225,850,048 [#] | – | – | 225,850,048 [#] |
| Tee Eng Seng | 225,850,048 [#] | – | – | 225,850,048 [#] |
| <i>Shareholdings in Desanda Property Sdn. Bhd., a subsidiary, which Directors have interests</i> | | | | |
| Datin Toh Siew Chuon – Deemed interest* | 125,000 | – | – | 125,000 |
| Tee Eng Seng – Direct interest | 125,000 | – | – | 125,000 |
| | Number of redeemable convertible preference shares | | | |
| | At 1.4.2022 | Bought | Converted | At 31.3.2023 |
| <i>Shareholdings in the Company which Directors have deemed interests</i> | | | | |
| Datin Toh Siew Chuon | 2,618,054,651 [#] | – | – | 2,618,054,651 [#] |
| Tee Eng Seng | 2,618,054,651 [#] | – | – | 2,618,054,651 [#] |

* Datuk Tee Eng Ho is the spouse of Datin Toh Siew Chuon. In accordance with the Companies Act 2016, the direct interests and deemed interests of Datuk Tee Eng Ho in the shares of the Company and of its related corporations shall also be treated as the interests of Datin Toh Siew Chuon.

[#] Deemed interested by virtue of their interest in Jawawana Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

By virtue of their interests of more than 20% in the shares of the Company, Datin Toh Siew Chuon and Tee Eng Seng are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Kerjaya Prospek Property Berhad has an interest.

None of the other Directors holding office at 31 March 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION

The details of the remuneration paid by the Group and the Company to Directors of the Group and the Company who served during the financial year in respect of the financial year ended 31 March 2023 are as follows:

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Directors of the Company: | | | | |
| - Fees | 138 | 190 | 138 | 190 |
| - Remuneration | 1,669 | 979 | 21 | 18 |
| | 1,807 | 1,169 | 159 | 208 |
| Other Directors of the Group: | | | | |
| - Remuneration | 858 | 510 | – | – |
| | 2,665 | 1,679 | 159 | 208 |

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 11,704,900 of its issued shares from the open market at an average price of RM0.62 per share. The total consideration paid for the repurchase of shares including transaction costs was RM7,267,970 and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

At 31 March 2023, the Company held 16,700,800 of its 400,142,339 issued ordinary shares as treasury shares with carrying amount of RM10,800,832. Further details are disclosed in Note 13 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and Officers of the Company and its subsidiaries are RM10,000,000 and RM14,000 respectively. There is no indemnity given to or insurance effected for auditors of the Company.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year 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 as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event is disclosed in Note 30 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The total auditors' remuneration of the Group and of the Company during the year are RM240,000 and RM56,000 respectively.

Further details of auditors' remuneration are set out in Note 21 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Datin Toh Siew Chuon

Director

.....
Tee Eng Seng

Director

Kuala Lumpur

Date: 26 July 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

| | | Group | | Company | |
|------------------------------------|------|----------------|----------------|----------------|----------------|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Assets | | | | | |
| Property, plant and equipment | 3 | 310,588 | 273,908 | – | – |
| Right-of-use assets | 4 | 1,715 | 1,750 | – | – |
| Investment properties | 5 | 14,922 | 15,605 | – | – |
| Investments in subsidiaries | 6 | – | – | 480,847 | 481,102 |
| Land held for property development | 7 | 282,314 | 236,796 | – | – |
| Trade and other receivables | 10 | – | 5,060 | – | – |
| Total non-current assets | | 609,539 | 533,119 | 480,847 | 481,102 |
| <hr/> | | | | | |
| Inventories | 8 | 255,184 | 345,645 | – | – |
| Contract costs | 9 | 19,793 | 22,400 | – | – |
| Trade and other receivables | 10 | 26,650 | 37,670 | 60,544 | 60,544 |
| Current tax assets | | 6,764 | 6,896 | – | – |
| Prepayments | | 2,573 | 2,537 | 25 | 11 |
| Cash and cash equivalents | 11 | 158,012 | 126,383 | 198 | 466 |
| | | 468,976 | 541,531 | 60,767 | 61,021 |
| Asset classified as held for sale | 12 | 254 | – | – | – |
| Total current assets | | 469,230 | 541,531 | 60,767 | 61,021 |
| <hr/> | | | | | |
| Total assets | | 1,078,769 | 1,074,650 | 541,614 | 542,123 |

STATEMENTS OF FINANCIAL POSITION (CONT'D)

| | | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Equity | | | | | |
| Share capital | | 282,165 | 282,165 | 282,165 | 282,165 |
| Treasury shares | | (10,801) | (3,561) | (10,801) | (3,561) |
| Redeemable Convertible Preference Shares ("RCPS") | | 197,925 | 197,925 | 197,925 | 197,925 |
| Reserves | | 165,379 | 81,630 | 50,329 | 39,997 |
| Total equity attributable to owners of the Company | 13 | 634,668 | 558,159 | 519,618 | 516,526 |
| Non-controlling interests | | 305 | 301 | – | – |
| Total equity | | 634,973 | 558,460 | 519,618 | 516,526 |
| Liabilities | | | | | |
| Trade payables | 16 | 25,246 | 22,807 | – | – |
| Loans and borrowings | 14 | 172,954 | 206,336 | – | – |
| Deferred tax liabilities | 15 | 27,585 | 25,281 | – | – |
| Redeemable Convertible Preference Shares ("RCPS") | | 6,210 | 13,695 | 6,210 | 13,695 |
| Total non-current liabilities | | 231,995 | 268,119 | 6,210 | 13,695 |
| Trade and other payables | 16 | 92,150 | 107,549 | 7,429 | 3,545 |
| Redeemable Convertible Preference Shares ("RCPS") | | 8,357 | 8,357 | 8,357 | 8,357 |
| Contract liabilities | 9 | 81,205 | 97,567 | – | – |
| Loans and borrowings | 14 | 23,382 | 33,496 | – | – |
| Current tax liabilities | | 6,707 | 1,102 | – | – |
| Total current liabilities | | 211,801 | 248,071 | 15,786 | 11,902 |
| Total liabilities | | 443,796 | 516,190 | 21,996 | 25,597 |
| Total equity and liabilities | | 1,078,769 | 1,074,650 | 541,614 | 542,123 |

The notes on pages 86 to 149 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

| | | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue | 17 | 370,624 | 270,887 | 20,000 | 24,000 |
| Cost of sales | | (232,208) | (155,679) | – | – |
| Gross profit | | 138,416 | 115,208 | 20,000 | 24,000 |
| Other income | | 2,177 | 2,104 | 78 | – |
| Distribution expenses | | (1,253) | (1,358) | – | – |
| Administrative expenses | | (16,950) | (14,932) | (574) | (593) |
| Other expenses | | (4,357) | (5,030) | – | – |
| Net loss on impairment of financial instruments | 21 | – | (82) | – | – |
| Results from operating activities | | 118,033 | 95,910 | 19,504 | 23,407 |
| Finance income | 18 | 4,824 | 1,691 | 7 | 8 |
| Finance costs | 19 | (1,416) | (1,503) | (1,416) | (1,503) |
| Profit before tax | | 121,441 | 96,098 | 18,095 | 21,912 |
| Tax expense | 20 | (29,925) | (22,776) | – | – |
| Profit and total comprehensive income for the year | 21 | 91,516 | 73,322 | 18,095 | 21,912 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 91,512 | 73,285 | 18,095 | 21,912 |
| Non-controlling interests | | 4 | 37 | – | – |
| Profit for the year | | 91,516 | 73,322 | 18,095 | 21,912 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 91,512 | 73,285 | 18,095 | 21,912 |
| Non-controlling interests | | 4 | 37 | – | – |
| Total comprehensive income for the year | | 91,516 | 73,322 | 18,095 | 21,912 |
| Earnings per ordinary share (sen) | | | | | |
| - Basic | 22 | 23.10 | 18.50 | | |
| - Diluted | 22 | 9.95 | 7.97 | | |

The notes on pages 86 to 149 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

| Note | /----- Attributable to owners of the Company -----/ | | | | |
|---|---|---------------------------|----------------|-----------------------------|-----------------|
| | /----- Non-distributable -----/ | | Distributable | | |
| | Share capital RM'000 | Treasury shares RM'000 | RCPS RM'000 | Retained earnings RM'000 | Total RM'000 |
| Company | | | | | |
| At 1 April 2021 | 260,557 | – | 216,825 | 18,085 | 495,467 |
| Profit and total comprehensive income for the year | – | – | – | 21,912 | 21,912 |
| <i>Contributions by and distributions to owners of the Company:</i> | | | | | |
| - Conversion of RCPS | 21,608 | – | (18,900) | – | 2,708 |
| - Own shares acquired | – | (3,561) | – | – | (3,561) |
| | 21,608 | (3,561) | (18,900) | – | (853) |
| At 31 March 2022/1 April 2022 | 282,165 | (3,561) | 197,925 | 39,997 | 516,526 |
| Profit and total comprehensive income for the year | – | – | – | 18,095 | 18,095 |
| <i>Contributions by and distributions to owners of the Company:</i> | | | | | |
| - Own shares acquired | – | (7,240) | – | – | (7,240) |
| - Dividends | – | – | – | (7,763) | (7,763) |
| | – | (7,240) | – | (7,763) | (15,003) |
| At 31 March 2023 | 282,165 | (10,801) | 197,925 | 50,329 | 519,618 |

Note 13.1

Note 13.2

Note 13.3

The notes on pages 86 to 149 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

| | | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 121,441 | 96,098 | 18,095 | 21,912 |
| Adjustments for: | | | | | |
| Depreciation of: | | | | | |
| - property, plant and equipment | 3 | 3,777 | 3,783 | – | – |
| - right-of-use assets | 4 | 35 | 9 | – | – |
| - investment properties | 5 | 395 | 395 | – | – |
| Write-off of property, plant and equipment | 3 | 123 | 143 | – | – |
| Finance costs | 19 | 1,416 | 1,503 | 1,416 | 1,503 |
| Finance income | 18 | (4,824) | (1,691) | (7) | (8) |
| Net loss on impairment of financial assets at amortised cost | 21 | – | 82 | – | – |
| Gain on disposal of investment properties | | (266) | – | – | – |
| Gain on liquidation of a subsidiary | 21 | – | – | (78) | – |
| Write down of inventories | 21 | – | 700 | – | – |
| Operating profit before changes in working capital | | 122,097 | 101,022 | 19,426 | 23,407 |
| Inventories | | 90,988 | 22,272 | – | – |
| Contract costs | | 2,607 | 1,479 | – | – |
| Contract liabilities | | (16,362) | 67,732 | – | – |
| Trade and other payables | | (12,960) | (29,309) | 4,217 | (11,757) |
| Trade and other receivables and prepayments | | 16,044 | 5,677 | (14) | (4) |
| Cash generated from operations | | 202,414 | 168,873 | 23,629 | 11,646 |
| Interest paid | | (4,607) | (3,663) | – | – |
| Interest received | | 4,824 | 1,691 | 7 | 8 |
| Net income tax paid | | (21,884) | (26,531) | – | 14 |
| Net cash from operating activities | | 180,747 | 140,370 | 23,636 | 11,668 |
| Cash flows from investing activities | | | | | |
| Addition of property, plant and equipment | 3 | (38,310) | (6,697) | – | – |
| Acquisition of right-of-use assets | 4 | – | (1,759) | – | – |
| Acquisition of land held for property development | | (43,708) | (165,138) | – | – |
| Proceeds from disposal of investment property | | 300 | – | – | – |
| Net cash used in investing activities | | (81,718) | (173,594) | – | – |

STATEMENTS OF CASH FLOWS (CONT'D)

| | | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash flows from financing activities | | | | | |
| Repurchase of treasury shares | | (7,240) | (3,561) | (7,240) | (3,561) |
| Repayment of revolving credit | 14.2 | (10,000) | – | – | – |
| (Repayment)/Drawdown of term loans | 14.2 | (33,496) | 104,707 | – | – |
| Payment of RCPS dividend | | (8,901) | (8,901) | (8,901) | (8,901) |
| Payment of dividend | | (7,763) | – | (7,763) | – |
| Net cash (used in)/generated from financing activities | | (67,400) | 92,245 | (23,904) | (12,462) |
| Net increase/(decrease) in cash and cash equivalents | | 31,629 | 59,021 | (268) | (794) |
| Cash and cash equivalents at 1 April | | 126,383 | 67,362 | 466 | 1,260 |
| Cash and cash equivalents at 31 March | 11 | 158,012 | 126,383 | 198 | 466 |

(i) **Cash outflows for leases as a lessee**

| | | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Included in net cash from operating activities | | | | | |
| Payment relating to short-term leases | 21 | 214 | 186 | – | – |
| | | 214 | 186 | – | – |

The notes on pages 86 to 149 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Kerjaya Prospek Property Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

No. 1, Jalan Wangsa Permai
1st Floor, Bangunan One Wangsa
Taman Wangsa Permai
52200 Kuala Lumpur

Registered office

802, 8th Floor
Block C, Kelana Square
17, Jalan SS 7/26
47301 Petaling Jaya
Selangor

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2023 comprises of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 March 2023 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Directors regard Jawawana Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company during the financial year and until the date of this report.

These financial statements were authorised for issue by the Board of Directors on 26 July 2023.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts* – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, *Presentation of Financial Statements* – Disclosures of Accounting Policies
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates
- Amendments to MFRS 112, *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standard and amendments:

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Company.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the applicable accounting standard and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

i) *Notes 8.2 and 9 – estimation of revenue and budgeted cost for property development projects*

The management estimates revenue and budgeted costs for property development projects based on the following key assumptions:

- Revenue on property development projects have been projected based on the estimated market selling price of the units; and
- The property development costs have been projected based on prevailing cost of construction and such costs are reviewed on an ongoing basis.

Any revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

ii) *Note 25.4 – measurement of expected credit loss ("ECL")*

The management applies judgement to determine that financial instruments of the Group and of the Company are recognised and measured in accordance with the accounting standard, MFRS 9 as described in Note 2(b).

iii) *Note 26 – contingent liabilities*

The management applies judgement to determine the probability and accuracy of estimation of an outflow of economic benefits. Where the probability of economic outflow is not probable or the amount cannot be estimated reliably, the obligation is disclosed as contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iii) Reverse acquisition accounting

On 10 January 2020, the Company completed its acquisition of the entire equity interest in Kerjaya Property Sdn. Bhd. and Kerjaya Hotel Sdn. Bhd. (collectively referred to as "Combined Entities"). This acquisition has been accounted for using reverse acquisition accounting in accordance with MFRS 3, *Business Combinations*.

Accordingly, the Combined Entities (being the legal subsidiaries in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) was regarded as the accounting acquiree. In addition, the consolidated financial statements represent a continuation of the financial position, profit or loss and cash flows of the Combined Entities. Accordingly, the consolidated financial statements were prepared on the following basis:

- (a) the assets and liabilities of the Combined Entities were recognised and measured in the statements of financial position of the Group at their pre-acquisition carrying amounts;
- (b) the assets and liabilities of the Company and its subsidiaries were recognised and measured in the consolidated statements of financial position at their acquisition date fair values;
- (c) the retained profits and other equity balances recognised in the consolidated financial statements were the accumulated profits and other equity balances of the Combined Entities immediately before the acquisition;
- (d) the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issues) reflects the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the acquisition;
- (e) the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 March 2020 reflects the full year results of the Combined Entities together with the post-acquisition results of the Company and its subsidiaries; and
- (f) the comparative figures presented in these consolidated financial statements are those of the Combined Entities, except for its capital structure which was retroactively adjusted to reflect the legal capital of the accounting acquiree.

Separate financial statements of the Company

The above accounting applies only at the consolidated financial statements. In the Company's separate financial statements, investments in the legal subsidiaries (the Combined Entities) is accounted for at cost less accumulated impairment losses, if any, in the Company's statements of financial position. The initial cost of the investment in the Combined Entities is based on the fair value of the RCPS issued by the Company as at the acquisition date and the cash consideration at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

Financial assets categorised as amortised costs are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

Amortised cost

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of the individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|----------------------------------|---------------|
| • Buildings | 45 - 50 years |
| • Furniture and fittings | 8 - 10 years |
| • Computer equipment | 5 years |
| • Office and operating equipment | 5 - 10 years |
| • Renovation | 2 - 10 years |
| • Motor vehicles | 5 - 6 years |

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments less any incentives receivables;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise; and
- Penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases (cont'd)

(ii) Recognition and initial measurement (cont'd)

(a) As a lessee (cont'd)

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue" and "other income".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments*.

(e) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of investment properties.

The estimated useful lives of investment properties for the current and comparative periods are as follows:

| | |
|------------------|----------|
| • Leasehold land | 81 years |
| • Building | 45 years |

Depreciation methods and useful lives are reviewed at the end of the reporting period and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment properties (cont'd)

(iii) Reclassification to investment properties

When an item of property, plant and equipment or right-of-use assets is transferred to investment properties following a change in its use, the carrying amount at the date of transfer is remained as the Group measure investment properties at cost less accumulated depreciation and any accumulated impairment losses, if any.

(f) Inventories

(i) Land held for property development

Land held for property development is measured at the lower of cost and net realisable value.

The cost of land held for property development includes expenditure incurred in acquiring the land, conversion costs and other costs incurred in bringing it to its existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Property development costs are classified as current at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 3 to 5 years.

When the financial development and construction activities have commenced, the financial outcome of the development revenue will be recognised for the development unit sold and determined by reference to the stage of completion of the development activity at the balance sheet date.

Costs of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(iii) Consumables and completed properties

The cost of consumables is measured based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The cost of completed properties includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion.

Consumables and completed properties are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(h) Contract cost

(i) Costs to fulfil a contract

The Group recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be use in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and recognised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(ii) Incremental cost of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged bank balances and deposits, if any.

(j) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Classification of the asset as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the asset which is expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amounts and fair value less costs to sell and are not depreciated. Any differences are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(ii) Other assets

The carrying amounts of other assets (except of inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating unit are allocated to reduce the carrying amount of the assets in the cash-generating unit on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary.

The liability component of the preference shares represent the present value of the annual interest payment that is payable to the holders during the tenure of the preference shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Equity instruments (cont'd)

(iv) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue and other income (cont'd)

(i) Revenue from contracts with customers (cont'd)

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Interest income

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

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Chairperson of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

| Group | Note | Land RM'000 | Freehold Buildings RM'000 | Furniture and fittings RM'000 | Computer equipment RM'000 | Office and operating equipment RM'000 | Renovation RM'000 | Motor vehicles RM'000 | Asset under construction RM'000 | Total RM'000 |
|-------------------------------|------|----------------|---------------------------------|--|---------------------------------|--|----------------------|-----------------------------|--|-----------------|
| Cost | | | | | | | | | | |
| At 1 April 2021 | | 62,375 | 154,358 | 812 | 1,590 | 2,544 | 21 | 463 | 67,706 | 289,869 |
| Additions | | - | - | 23 | 107 | 203 | - | 471 | 7,366 | 8,170 |
| Write-off | | - | - | - | - | (143) | - | - | - | (143) |
| At 31 March 2022/1 April 2022 | | 62,375 | 154,358 | 835 | 1,697 | 2,604 | 21 | 934 | 75,072 | 297,896 |
| Additions | | - | - | 46 | 57 | 537 | - | - | 39,940 | 40,580 |
| Write-off | | - | - | - | - | (123) | - | - | - | (123) |
| At 31 March 2023 | | 62,375 | 154,358 | 881 | 1,754 | 3,018 | 21 | 934 | 115,012 | 338,353 |
| Depreciation | | | | | | | | | | |
| At 1 April 2021 | | - | 17,205 | 532 | 1,072 | 1,084 | 21 | 291 | - | 20,205 |
| Depreciation for the year | | - | 3,146 | 62 | 160 | 273 | - | 142 | - | 3,783 |
| At 31 March 2022/1 April 2022 | | - | 20,351 | 594 | 1,232 | 1,357 | 21 | 433 | - | 23,988 |
| Depreciation for the year | | - | 3,147 | 56 | 159 | 281 | - | 134 | - | 3,777 |
| At 31 March 2023 | | - | 23,498 | 650 | 1,391 | 1,638 | 21 | 567 | - | 27,765 |
| Carrying amounts | | | | | | | | | | |
| At 1 April 2021 | | 62,375 | 137,153 | 280 | 518 | 1,460 | - | 172 | 67,706 | 269,664 |
| At 31 March 2022/1 April 2022 | | 62,375 | 134,007 | 241 | 465 | 1,247 | - | 501 | 75,072 | 273,908 |
| At 31 March 2023 | | 62,375 | 130,860 | 231 | 363 | 1,380 | - | 367 | 115,012 | 310,588 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.1 Security

Freehold buildings with carrying amount of RM103,968,000 (2022: RM106,458,000) have been pledged to a licensed bank as security for credit facilities granted to certain subsidiaries (Note 14).

3.2 Borrowing costs

Included in additions of property, plant and equipment is borrowing costs capitalised of RM2,270,000 (2022: RM1,473,000) as disclosed in Note 19 to the financial statements.

4. RIGHT-OF-USE ASSETS

| | Note | Leasehold land RM'000 | Group Buildings RM'000 | Total RM'000 |
|---|------|-----------------------------|------------------------------|-----------------|
| Cost | | | | |
| At 1 April 2021 | | 9,772 | 6,726 | 16,498 |
| Transfer to investment properties: | | | | |
| - Offset of accumulated depreciation | | (206) | (292) | (498) |
| - Transfer to investment properties | 4.1 | (9,566) | (6,434) | (16,000) |
| | | (9,772) | (6,726) | (16,498) |
| Addition | | – | 1,759 | 1,759 |
| At 31 March 2022/1 April 2022/31 March 2023 | | – | 1,759 | 1,759 |
| Depreciation | | | | |
| At 1 April 2021 | | 206 | 292 | 498 |
| Offset of accumulated depreciation on properties transferred to investment properties | | (206) | (292) | (498) |
| Depreciation for the year | | – | 9 | 9 |
| At 31 March 2022/1 April 2022 | | – | 9 | 9 |
| Depreciation for the year | | – | 35 | 35 |
| At 31 March 2023 | | – | 44 | 44 |
| Carrying amounts | | | | |
| At 1 April 2021 | | 9,566 | 6,434 | 16,000 |
| At 31 March 2022/1 April 2022 | | – | 1,750 | 1,750 |
| At 31 March 2023 | | – | 1,715 | 1,715 |

4.1 Transfer to investment properties

In the previous financial year, leasehold land and buildings were transferred to investment properties (Note 5) because they were no longer used by the Group and certain properties were leased to a related party and third parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES

| | Note | Leasehold land RM'000 | Group Buildings RM'000 | Total RM'000 |
|---|--------|-----------------------------|------------------------------|-----------------|
| Cost | | | | |
| At 1 April 2021 | | – | – | – |
| Transferred from right-of-use assets | 4,5.2 | 9,566 | 6,434 | 16,000 |
| At 31 March 2022/1 April 2022 | | 9,566 | 6,434 | 16,000 |
| Transfer to asset classified as held for sale | 5.3,12 | – | (298) | (298) |
| Disposals | | – | (80) | (80) |
| At 31 March 2023 | | 9,566 | 6,056 | 15,622 |
| Depreciation | | | | |
| At 1 April 2021 | | – | – | – |
| Depreciation for the year | | 165 | 230 | 395 |
| At 31 March 2022/1 April 2022 | | 165 | 230 | 395 |
| Depreciation for the year | | 165 | 230 | 395 |
| Transfer to asset classified as held for sale | 5.3,12 | – | (44) | (44) |
| Disposals | | – | (46) | (46) |
| At 31 March 2023 | | 330 | 370 | 700 |
| Carrying amounts | | | | |
| At 1 April 2021 | | – | – | – |
| At 31 March 2022/1 April 2022 | | 9,401 | 6,204 | 15,605 |
| At 31 March 2023 | | 9,236 | 5,686 | 14,922 |

5.1 Security

The leasehold land and building with carrying amount of RM13,859,000 (2022: RM14,288,000) were pledged to a licensed bank as security for credit facilities granted to a subsidiary (Note 14).

5.2 Transfer from right-of-use assets

In the previous financial year, leasehold land and buildings have been transferred from right-of-use assets to investment properties (Note 4), since the properties were no longer used by the Group and certain properties were leased to a related party and third parties.

Each of the leases contains an initial non-cancellable period ranging between 1 to 12 months. Subsequent renewals are negotiated with the lessee and on average renewal period ranging between 1 to 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

5.2 Transfer from right-of-use assets (cont'd)

The following are recognised in profit or loss:

| | Group | |
|---|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Lease income | 499 | 368 |
| Direct operating expenses: | | |
| - income generating investment properties | 36 | 36 |

The operating lease payments to be received are as follows:

| | Group | |
|--------------------|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Less than one year | 173 | 205 |

5.3 Transfer to asset classified as held for sale

Subsequent to year end, the Group has entered into a Sales and Purchase Agreement on 18 May 2023 with a third party to dispose a parcel of leasehold apartment for a total cash consideration of RM250,000. Consequently, the total net book value of the leasehold apartment amounted to RM253,888 was transferred from investment properties to asset classified as held for sale.

5.4 Fair value information

Fair value of investment properties are categorised as follows:

| | 2023 | 2022 |
|------------------------------|----------------|----------------|
| | Level 3 | Level 3 |
| | RM'000 | RM'000 |
| Group | | |
| Leasehold land and buildings | 15,100 | 15,000 |
| Freehold buildings | 200 | 200 |
| | 15,300 | 15,200 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

5.4 Fair value information (cont'd)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

| Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|--|--|--|
| Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities. | Market price of property per square feet ("sq ft") in vicinity compared. | The estimated fair value would increase/(decrease) if market prices of property were higher/(lower). |

Valuation processes applied by the Group for Level 3 fair value

The Group estimates the fair value of all investment properties based on the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities. Assessment of the fair values of the Group's investment properties is undertaken annually. Any change in Level 3 fair values is analysed by the management based on the assessment undertaken.

Highest and best use

The Group's investment properties are currently leasehold land and buildings. The highest and best use of the land and properties is for rental generation as they are located in the vicinity of the commercial area.

6. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|-------------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Unquoted shares, at cost | 484,622 | 484,877 |
| Less: Accumulated impairment losses | (3,775) | (3,775) |
| | 480,847 | 481,102 |

Movements in the cost of investments in subsidiaries are as follows:

| | Note | Company | |
|-----------------------------|------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 |
| At 1 April | | 484,877 | 484,877 |
| Liquidation of a subsidiary | 6.1 | (255) | – |
| At 31 March | | 484,622 | 484,877 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

| Name of subsidiary | Principal place of business | Principal activities | Effective ownership interest | |
|--|-----------------------------|---|------------------------------|-----------|
| | | | 2023 % | 2022 % |
| KPP Management Sdn. Bhd. | Malaysia | Property development and construction | 100 | 100 |
| KPP Properties Sdn. Bhd. | Malaysia | Property development | 100 | 100 |
| KPP Development Sdn. Bhd. ^[1] | Malaysia | Property development | – | 100 |
| Serta Usaha Sdn. Bhd. | Malaysia | Property development | 100 | 100 |
| Summit CD (M) Sdn. Bhd. | Malaysia | Leasing of properties | 100 | 100 |
| Summit Audio (M) Sdn. Bhd. | Malaysia | Leasing of properties | 100 | 100 |
| Kerjaya Hotel Sdn. Bhd. | Malaysia | Property development, hotel operation and letting of service apartments | 100 | 100 |
| Aeon Frontier Sdn. Bhd. | Malaysia | Property development and general trading | 100 | 100 |
| Desanda Property Sdn. Bhd. | Malaysia | Investment holding | 99.4 | 99.4 |
| Pixel Valley Sdn. Bhd. | Malaysia | Property development | 100 | 100 |
| Greencove Sdn. Bhd. | Malaysia | Property development | 100 | 100 |
| Kerjaya Property Sdn. Bhd. | Malaysia | Project management consultants and property development | 100 | 100 |
| Subsidiary of Kerjaya Property Sdn. Bhd. | | | | |
| Bloomsvale Shopping Gallery Sdn. Bhd. ^[2] | Malaysia | Leasing operator and property management | 100 | – |

^[1] The subsidiary had been liquidated under Members' Voluntary Liquidation.

^[2] The subsidiary was acquired by Kerjaya Property Sdn. Bhd. during the year.

6.1 Liquidation of a subsidiary

On 9 August 2022, KPP Development Sdn. Bhd. had completed the Members' Voluntary Liquidation pursuant to Section 439(1)(b) of the Companies Act 2016. The liquidation did not have material impact to the Group.

6.2 Acquisition of a subsidiary

On 9 September 2022, Kerjaya Property Sdn. Bhd. had acquired the entire equity interest in Bloomsvale Shopping Gallery Sdn. Bhd. ("BSGSB") for a total cash consideration of RM1.00 comprising of 1 ordinary share. The total identifiable net assets of BSGSB as at acquisition date is RM1. BSGSB is principally engaged in leasing operation and property management. In the 7 months to 31 March 2023, BSGSB has not commenced any business operation and hence, did not contribute to the Group's revenue and profit significantly.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. LAND HELD FOR PROPERTY DEVELOPMENT

| | Note | Group 2023 RM'000 | 2022 RM'000 |
|---|------|-------------------------|----------------|
| At 1 April | | | |
| - Freehold land | | 100,981 | 70,838 |
| - Leasehold land | | 123,531 | 21,077 |
| - Developments costs | | 12,284 | 4,081 |
| | | 236,796 | 95,996 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Additions during the year | | | |
| - Freehold land | | 35,103 | 30,143 |
| - Leasehold land | | – | 123,454 |
| - Development costs | | 10,415 | 12,978 |
| | | 45,518 | 166,575 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Transferred during the year | | | |
| - Leasehold land | 8.1 | – | (21,000) |
| - Development costs | 8.1 | – | (4,775) |
| | | – | (25,775) |
| <hr style="border-top: 1px dashed black;"/> | | | |
| At 31 March | | 282,314 | 236,796 |
| <hr/> | | | |
| Represented by: | | | |
| - Freehold land | | 136,084 | 100,981 |
| - Leasehold land | | 123,531 | 123,531 |
| - Development costs | | 22,699 | 12,284 |
| At 31 March | | 282,314 | 236,796 |
| <hr/> | | | |

7.1 Security

Freehold land and leasehold land with carrying amounts of RM39,403,000 (2022: RM39,403,000) and RM123,454,000 (2022: RM123,454,000) respectively have been pledged to licensed banks as security for credit facilities granted to certain subsidiaries (Note 14).

7.2 Borrowing costs

Included in additions of land held for property development is borrowing costs capitalised of RM1,810,000 (2022: RM1,437,000) as disclosed in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVENTORIES

| | Note | Group 2023 RM'000 | 2022 RM'000 |
|---|------|-------------------------|----------------|
| Properties under development | 8.1 | 80,140 | 121,504 |
| Completed properties | | 174,739 | 223,892 |
| Raw materials and consumables | | 305 | 249 |
| | | 255,184 | 345,645 |
| <i>Recognised in profit or loss:</i> | | | |
| Inventories recognised as cost of sales | | 52,953 | 34,941 |
| Write down of inventories | | – | 700 |

The write down is included in cost of sales.

8.1 Properties under development

| | Note | Group 2023 RM'000 | 2022 RM'000 |
|--------------------------------------|------|-------------------------|----------------|
| At beginning of year: | | | |
| Land costs | | 61,001 | 63,238 |
| Development costs | | 60,503 | 108,980 |
| | | 121,504 | 172,218 |
| <i>Land costs</i> | | | |
| Costs incurred during the year | | 161 | – |
| Transferred (to)/from: | | | |
| - contract cost | 9.2 | (13,080) | (9,737) |
| - completed properties | | – | (13,500) |
| - land held for property development | 7 | – | 21,000 |
| | | (12,919) | (2,237) |
| <i>Development costs</i> | | | |
| Costs incurred during the year | | 10,698 | 45,066 |
| Transferred (to)/from: | | | |
| - contract cost | 9.2 | (39,143) | (24,840) |
| - completed properties | | – | (73,478) |
| - land held for property development | 7 | – | 4,775 |
| | | (28,445) | (48,477) |
| At end of year: | | | |
| Land costs | | 48,082 | 61,001 |
| Development costs | | 32,058 | 60,503 |
| | | 80,140 | 121,504 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVENTORIES (CONT'D)

8.2 Estimation uncertainty and critical judgements

The management estimates revenue and budgeted costs for property development projects based on the following key assumptions:

- Revenue on property development projects have been projected based on the estimated market selling price of the units; and
- The property development costs have been projected based on prevailing cost of construction and such costs are reviewed on an ongoing basis.

Any revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

8.3 Security

Completed properties with carrying amount of RM31,543,000 (2022: RM31,747,000) have been pledged to a licensed bank as security for credit facilities granted to a subsidiary (Note 14).

8.4 Borrowing costs

Included in properties under development is borrowing costs capitalised of RM527,000 (2022: RM753,000) as disclosed in Note 19 to the financial statements.

9. CONTRACT WITH CUSTOMERS

9.1 Contract liabilities

| | Group | |
|------------------------------------|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Advance billings on property sales | 81,205 | 97,567 |

The contract liabilities primarily relate to the advance consideration received from customers, which revenue is recognised over time during the development of properties.

Significant changes in the contract liabilities balances during the financial year are as follows:

| | Group | |
|--|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Balance as at 1 April | 97,567 | 29,835 |
| Revenue recognised | (209,301) | (173,610) |
| Increase due to progress billings made | 192,939 | 241,342 |
| Balance as at 31 March | 81,205 | 97,567 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. CONTRACT WITH CUSTOMERS (CONT'D)

9.2 Contract costs

| | Note | Group 2023 RM'000 | 2022 RM'000 |
|--|------|-------------------------|----------------|
| Cost to obtain a contract | | | |
| At 1 April | | 16,757 | 16,064 |
| Costs incurred during the year | | 6,940 | 6,449 |
| Cost recognised as cost of sales in profit or loss | | (9,968) | (5,756) |
| At 31 March | | 13,729 | 16,757 |
| Cost to fulfil a contract | | | |
| At 1 April | | 5,643 | 7,815 |
| Costs incurred during the year | | 97,728 | 82,710 |
| Transferred from inventories | 8.1 | 52,223 | 34,577 |
| Cost recognised as cost of sales in profit or loss | | (149,530) | (119,459) |
| At 31 March | | 6,064 | 5,643 |
| | | 19,793 | 22,400 |

Cost to obtain contract

Cost to obtain contract primarily comprises legal fees and incremental commission fees paid to intermediaries as a result of obtaining contracts. These costs are expected to be recoverable and are recognised to profit or loss when the related revenue is recognised.

Cost to fulfil contract

Land related costs that are attributable to the sold units are capitalised as contract costs during the current financial year. These costs are expected to be recoverable and are recognised to profit or loss when the related revenue is recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. TRADE AND OTHER RECEIVABLES

| | Note | Group | | Company | |
|----------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current | | | | | |
| Trade | | | | | |
| Trade receivables | 10.1 | – | 5,060 | – | – |
| <hr/> | | | | | |
| Current | | | | | |
| Trade | | | | | |
| Trade receivables | 10.2 | 9,705 | 19,828 | – | – |
| Amounts due from related parties | 10.3 | 68 | 73 | – | – |
| | | 9,773 | 19,901 | – | – |
| <hr/> | | | | | |
| Non-trade | | | | | |
| Other receivables | 10.4 | 13,862 | 14,299 | – | – |
| Deposits | 10.5 | 3,015 | 3,470 | 1 | – |
| Amounts due from subsidiaries | 10.6 | – | – | 60,543 | 60,544 |
| | | 16,877 | 17,769 | 60,544 | 60,544 |
| | | 26,650 | 37,670 | 60,544 | 60,544 |
| | | 26,650 | 42,730 | 60,544 | 60,544 |

10.1 Non-current trade receivables

Non-current trade receivables in 2022 were retention sum receivables which were expected to be collected upon the expiry of the defect liability period.

10.2 Current trade receivables

Included in current trade receivables is RM5,047,000 (2022: RM14,614,000) relating to retention sum receivables which are expected to be collected upon the expiry of the defect liability period.

10.3 Amounts due from related parties – trade

The amounts due from related parties are subject to normal trade terms.

10.4 Other receivables

Included in the Group's other receivables is an amount due from a joint venture partner of RM12,513,000 (2022: RM12,513,000), which is subject to interest of 8% (2022: 8%) per annum from date of letter of payment notice issued to the joint venture partner.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. TRADE AND OTHER RECEIVABLES (CONT'D)

10.5 Deposits

Included in deposits is a sum of RM912,000 (2022: RM1,303,000) for the purchase of five (5) pieces of vacant leasehold land. During the year, the Group has terminated the Sales and Purchase Agreement due to failure in obtaining state approval for the sale and transfer of the land. The deposits are expected to be refunded within 12 months after the end of the reporting period.

10.6 Amounts due from subsidiaries – non-trade

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

11. CASH AND CASH EQUIVALENTS

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash and bank balances | 11.1 | 37,855 | 41,651 | 198 | 466 |
| Highly liquid investments | 11.2 | 120,157 | 84,732 | – | – |
| Cash and cash equivalents in the statements of cash flows | | 158,012 | 126,383 | 198 | 466 |

11.1 Cash and bank balances

Included in the Group's cash and bank balances is RM27,514,858 (2022: RM34,147,000) maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991.

11.2 Highly liquid investments

The Directors regard the highly liquid investments as cash and cash equivalents in view of its high liquidity and insignificant changes in value.

12. ASSET CLASSIFIED AS HELD FOR SALE

| | Note | Group | |
|-------------------------------------|------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 |
| At 1 April | | – | – |
| Transfer from investment properties | 5 | 254 | – |
| At 31 March | | 254 | – |

Subsequent to year end, the Group has entered into a Sales and Purchase Agreement on 18 May 2023 with a third party to dispose a parcel of leasehold apartment for a total cash consideration of RM250,000. Consequently, the total net book value of the leasehold apartment amounted to RM253,888 was transferred from investment properties to asset classified as held for sale. As at the date of this report, the transaction has not been completed and the ownership of the said property has not been transferred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. CAPITAL AND RESERVES

13.1 Share capital

| | Amount 2023 RM'000 | Group and Company Number of shares 2023 '000 | Amount 2022 RM'000 | Number of shares 2022 '000 |
|--|--------------------------|--|--------------------------|-------------------------------------|
| Issued and fully paid shares with no par value classified as equity instrument: | | | | |
| Ordinary shares | | | | |
| At 1 April | 282,165 | 400,142 | 260,557 | 350,142 |
| Conversion of RCPS | – | – | 21,608 | 50,000 |
| At 31 March | 282,165 | 400,142 | 282,165 | 400,142 |

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

13.2 Treasury shares

| | Amount 2023 RM'000 | Group and Company Number of shares 2023 '000 | Amount 2022 RM'000 | Number of shares 2022 '000 |
|---------------------|--------------------------|--|--------------------------|-------------------------------------|
| Ordinary shares | | | | |
| At 1 April | 3,561 | 4,996 | – | – |
| Own shares acquired | 7,240 | 11,705 | 3,561 | 4,996 |
| At 31 March | 10,801 | 16,701 | 3,561 | 4,996 |

Treasury shares relates to the acquisition cost of shares repurchased net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in the annual general meeting held on 23 August 2022, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed towards enhancing the value of the Company to its shareholders and believe that the shares repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 11,704,900 (2022: 4,995,900) of its issued shares from the open market at an average price of RM0.62 (2022: RM0.71) per share. The total consideration paid for the repurchase of shares including transaction costs was RM7,267,970 (2022: RM3,570,751) and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

At 31 March 2023, the Company held 16,700,800 (2022: 4,995,900) of its 400,142,339 issued ordinary shares as treasury shares with carrying amount of RM10,800,832 (2022: RM3,561,116).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. CAPITAL AND RESERVES (CONT'D)

13.3 Redeemable Convertible Preference Shares ("RCPS")

| | Amount 2023 RM'000 | Group and Company Number of shares 2023 '000 | Amount 2022 RM'000 | Number of shares 2022 '000 |
|-------------------------------|--------------------------|--|--------------------------|-------------------------------------|
| Issued and fully paid: | | | | |
| At 1 April | 197,925 | 2,618,055 | 216,825 | 2,868,055 |
| Converted during the year | – | – | (18,900) | (250,000) |
| At 31 March | 197,925 | 2,618,055 | 197,925 | 2,618,055 |

On 10 January 2020, the Company issued 3,168,054,651 redeemable convertible preference shares ("RCPS") for total issue price of RM538,569,291 for the acquisition of subsidiaries.

On 26 February 2021, the Company has converted 300,000,000 units of RCPS into 60,000,000 new ordinary shares.

On 13 April 2021, the Company has converted 250,000,000 units of RCPS into 50,000,000 new ordinary shares.

The tenure of the instruments is five years commencing from and inclusive of the date of issue of the RCPS. The salient features of the RCPS are as follows:

- The RCPS carry the right to receive a cumulative preferential dividend at a fixed rate of 2% per annum, compounded annually, based on the issue price;
- The conversion price for the RCPS shall be an amount equivalent to the issue price of RM0.17 per RCPS, which shall be deemed settled by way of set-off against the purchase consideration;
- The RCPS holder is entitled to exercise the right of conversion from date of issuance up to the maturity date;
- Any RCPS not converted by the maturity date will be mandatorily converted into new shares of the Company on the maturity date; and
- Unless previously redeemed or converted or purchased and cancelled, the RCPS may at the option of the Company be redeemed, in whole or in part, at any time during the tenure of the RCPS.

13.4 Reverse acquisition reserve

The reverse acquisition reserve arose to reflect the equity structure of the Company, including the equity interests issued by the Company to effect the combinations pursuant to the acquisitions as disclosed in Note 2(a)(iii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. LOANS AND BORROWINGS

| | Note | Group 2023 RM'000 | 2022 RM'000 |
|--------------------------|------|-------------------------|----------------|
| Non-current | | | |
| Secured term loans | 14.1 | 172,954 | 206,336 |
| <hr/> | | | |
| Current | | | |
| Secured term loans | 14.1 | 3,382 | 3,496 |
| Secured revolving credit | 14.1 | 20,000 | 30,000 |
| | | 23,382 | 33,496 |
| | | 196,336 | 239,832 |

14.1 Security

The term loans and revolving credit are secured by the property, plant and equipment (Note 3), investment properties (Note 5), land held for property development (Note 7) and inventories (Note 8) of certain subsidiaries.

14.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

| | At 1.4.2021 RM'000 | Drawdown RM'000 | At 31.3.2022/ 1.4.2022 RM'000 | Repayment RM'000 | At 31.3.2023 RM'000 |
|------------------|--------------------------|--------------------|--|---------------------|---------------------------|
| Group | | | | | |
| Term loans | 105,125 | 104,707 | 209,832 | (33,496) | 176,336 |
| Revolving credit | 30,000 | – | 30,000 | (10,000) | 20,000 |
| | 135,125 | 104,707 | 239,832 | (43,496) | 196,336 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. DEFERRED TAX LIABILITIES

15.1 Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|-------------------------------------|---------|---------|-------------|----------|----------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | |
| Property, plant and equipment | – | – | (29,727) | (29,561) | (29,727) | (29,561) |
| Unabsorbed investment tax allowance | 2,125 | 3,917 | – | – | 2,125 | 3,917 |
| Unabsorbed capital allowance | 17 | 10 | – | – | 17 | 10 |
| Others | – | 353 | – | – | – | 353 |
| Deferred tax assets/(liabilities) | 2,142 | 4,280 | (29,727) | (29,561) | (27,585) | (25,281) |
| Set off of tax | (2,142) | (4,280) | 2,142 | 4,280 | – | – |
| Net tax liabilities | – | – | (27,585) | (25,281) | (27,585) | (25,281) |

Movement in temporary differences during the financial year

| | At 1.4.2021 RM'000 | Recognised in profit or loss (Note 20) RM'000 | At 31.3.2022/ 1.4.2022 RM'000 | Recognised in profit or loss (Note 20) RM'000 | At 31.3.2023 RM'000 |
|-------------------------------------|--------------------------|---|--|---|---------------------------|
| Group | | | | | |
| Property, plant and equipment | (30,351) | 790 | (29,561) | (166) | (29,727) |
| Unabsorbed investment tax allowance | 4,284 | (367) | 3,917 | (1,792) | 2,125 |
| Unabsorbed capital allowance | 412 | (402) | 10 | 7 | 17 |
| Others | 101 | 252 | 353 | (353) | – |
| | (25,554) | 273 | (25,281) | (2,304) | (27,585) |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. DEFERRED TAX LIABILITIES (CONT'D)

15.2 Unrecognised deferred tax assets/(liabilities)

Deferred tax assets or liabilities have not been recognised in respect of the following items (stated at gross):

| | | Group | | Company | |
|---|--------|----------------|----------------|----------------|----------------|
| | Note | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Items generated from business activities on property development, hotel operation and letting of properties | | | | | |
| - Property, plant and equipment | | (1,394) | (1,382) | – | – |
| - Unabsorbed capital allowances | | 65 | 62 | – | – |
| - Unabsorbed business losses | 15.2.1 | 2,678 | 2,698 | 172 | 179 |
| - Other temporary differences | | 195 | 195 | – | – |
| | | 1,544 | 1,573 | 172 | 179 |
| ----- | | | | | |
| Items generated from business activity on manufacturing plastic fabricated parts | | | | | |
| - Unabsorbed capital allowances | 15.2.2 | 6,858 | 6,858 | – | – |
| - Unutilised reinvestment allowances | 15.2.2 | 8,540 | 8,540 | – | – |
| - Unabsorbed business losses | 15.2.1 | 708 | 708 | – | – |
| | | 16,106 | 16,106 | – | – |
| ----- | | | | | |
| Items generated from business activity on manufacture of compact discs | | | | | |
| - Unabsorbed capital allowances | 15.2.3 | 912 | 912 | – | – |
| - Unabsorbed business losses | 15.2.1 | 813 | 1,029 | – | – |
| | | 1,725 | 1,941 | – | – |
| ----- | | | | | |
| Items generated from business activity on mechanical reproduction of sound and music | | | | | |
| - Unabsorbed capital allowances | 15.2.4 | 17 | 17 | – | – |
| - Unabsorbed business losses | 15.2.1 | 17 | 225 | – | – |
| | | 34 | 242 | – | – |
| ----- | | | | | |
| | | 19,409 | 19,862 | 172 | 179 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. DEFERRED TAX LIABILITIES (CONT'D)

15.2 Unrecognised deferred tax assets/(liabilities) (cont'd)

- 15.2.1 The unabsorbed business losses can only be carried forward up to 10 consecutive years of assessment. The table below shows the unutilised tax losses expires in respective year of assessment ("YA"):

| YA in which tax loss arose | 2023 RM'000 | 2022 RM'000 | Year in which tax loss will expire |
|-------------------------------|----------------|----------------|---------------------------------------|
| Group | | | |
| 2018 and before | 1,846 | 2,280 | 2028 |
| 2019 | 400 | 400 | 2029 |
| 2020 | 129 | 129 | 2030 |
| 2021 | 740 | 1,033 | 2031 |
| 2022 | 303 | 818 | 2032 |
| 2023 | 798 | – | 2033 |
| | <hr/> 4,216 | <hr/> 4,660 | |
| Company | | | |
| 2018 and before | 172 | 179 | 2028 |
| | <hr/> | <hr/> | |

Pursuant to guidelines issued by the Malaysian tax authorities in 2022, the Ministry of Finance has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses (subject to the 10-year time limit).

- 15.2.2 The Group has unabsorbed capital allowances and unutilised reinvestment allowances carried forward from a subsidiary that has temporary ceased its business activity on manufacturing plastic fabricated parts. Subsequently, the subsidiary extended its business activity to property development and construction activities. Consequently, these unabsorbed capital allowances and unutilised reinvestment allowances are only eligible for utilisation by the Group in future against the income generated from the same business source. The Group is allowed to carry forward its unabsorbed capital allowances and unutilised reinvestment allowances (subject to the 7-year time limit).

The table below shows the unutilised reinvestment allowances expire in respective year of assessment ("YA"):

| YA in which qualifying period expired | 2023 RM'000 | 2022 RM'000 | Year in which reinvestment allowances will expire |
|--|----------------|----------------|--|
| Group | | | |
| 2018 and before | 8,540 | 8,540 | 2025 |
| | <hr/> | <hr/> | |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. DEFERRED TAX LIABILITIES (CONT'D)

15.2 Unrecognised deferred tax assets/(liabilities) (cont'd)

- 15.2.3 The Group has unabsorbed capital allowances carried forward from a subsidiary that has temporary ceased its business activity on manufacture of compact discs. Subsequently, the subsidiary extended its business activity to investment in and leasing properties. Consequently, these unabsorbed capital allowances are only eligible for utilisation by the Group in future against the income generated from the same business source. The Group is allowed to carry forward its unabsorbed capital allowances.
- 15.2.4 The Group has unabsorbed capital allowances carried forward from a subsidiary that has temporary ceased its business activity on mechanical reproduction of sound and music. Subsequently, the subsidiary extended its business activity to investment in and leasing properties. Consequently, these unabsorbed capital allowances are only eligible for utilisation by the Group in future against the income generated from the same business source. The Group is allowed to carry forward its unabsorbed capital allowances.

16. TRADE AND OTHER PAYABLES

| | Note | Group | | Company | |
|--------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current | | | | | |
| Trade | | | | | |
| Trade payable | 16.1 | 27 | 27 | – | – |
| Amounts due to a related party | 16.2 | 25,219 | 22,780 | – | – |
| | | 25,246 | 22,807 | – | – |
| <hr/> | | | | | |
| Current | | | | | |
| Trade | | | | | |
| Trade payables | 16.1 | 4,291 | 5,660 | – | – |
| Amounts due to a related party | 16.3 | 19,179 | 2,106 | – | – |
| | | 23,470 | 7,766 | – | – |
| <hr/> | | | | | |
| Non-trade | | | | | |
| Amounts due to subsidiaries | 16.4 | – | – | 4,997 | 1,143 |
| Other payables and accruals | 16.5 | 68,680 | 99,783 | 2,432 | 2,402 |
| | | 68,680 | 99,783 | 7,429 | 3,545 |
| | | 92,150 | 107,549 | 7,429 | 3,545 |
| | | 117,396 | 130,356 | 7,429 | 3,545 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. TRADE AND OTHER PAYABLES (CONT'D)

16.1 Trade payables

Included in non-current and current trade payables are retention sum of RM27,000 (2022: RM27,000) and RM1,168,000 (2022: RM1,556,000) respectively which are payable upon the expiry of the defect liability period.

16.2 Non-current amounts due to a related party – trade

The non-current trade amounts due to a related party is retention sum which are payable upon the expiry of the defect liability period and subject to normal trade terms.

16.3 Amounts due to a related party – trade

The amounts due to a related party is subject to normal trade terms.

16.4 Amounts due to subsidiaries – non-trade

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

16.5 Other payables and accruals

Included in other payables and accruals of the Group are:

- (i) landowner's entitlement of RM12,524,000 (2022: RM12,524,000) that is expected to be payable to the joint venture partner.
- (ii) deposits received from buyers of RM3,416,000 (2022: RM2,818,000) for the sale of properties.

17. REVENUE

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue from contract with customers | 369,284 | 270,350 | – | – |
| Other revenue | | | | |
| - Dividend income | – | – | 20,000 | 24,000 |
| - Rental income | 1,340 | 537 | – | – |
| | 370,624 | 270,887 | 20,000 | 24,000 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. REVENUE (CONT'D)

17.1 Disaggregation of revenue

In the following table, revenue is disaggregated by the type of services and the timing of transfer of revenue recognition.

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Over time | | | | |
| - Property under development | 209,301 | 173,610 | – | – |
| At a point in time | | | | |
| - Sale of completed properties | 113,768 | 69,762 | – | – |
| - Hospitality, food and beverage and recreation revenue | 42,745 | 24,334 | – | – |
| - Electricity revenue | 3,470 | 2,644 | – | – |
| | 369,284 | 270,350 | – | – |

17.2 Nature of goods and services

| Nature of goods or services | Timing of recognition or method used to recognise revenue | Significant payment terms | Variable element in consideration | Warranty |
|-----------------------------|---|--|---|--|
| Property development | <u>Sale of properties under construction</u> Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group have rights to payment for work performed. | Credit period of 21-30 days from invoice date. | Discount or incentives or rental guarantee given to buyers. | Defect liability period of 24 months upon the delivery of vacant possession of development unit. |
| | <u>Sale of completed properties</u> Revenue is recognised at a point in time when vacant possession has been delivered. | Credit period of 3 months from the date of Sales and Purchase Agreement ("SPA"). | Discount or incentives or rental guarantee given to buyers. | Not applicable. |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. REVENUE (CONT'D)

17.2 Nature of goods and services (cont'd)

| Nature of goods or services | Timing of recognition or method used to recognise revenue | Significant payment terms | Variable element in consideration | Warranty |
|---|---|---|-----------------------------------|-----------------|
| Hospitality, food and beverage and recreation revenue | Revenue is recognised at a point in time when the goods or services are delivered and accepted by customer. | Cash term; credit term is up to 7 days. | Not applicable. | Not applicable. |
| Electricity revenue | Revenue is recognised based on electricity consumed by customers by meter reading. | Credit period of 14 days from invoice date. | Not applicable. | Not applicable. |

17.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have original expected duration of more than one year.

| | 2024 RM'000 |
|----------------------|----------------|
| Property development | 310,451 |

The Group applies the following practical expedients:

- (i) exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- (ii) exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

18. FINANCE INCOME

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Interest income of financial assets that are not at fair value through profit or loss: | | | | |
| - bank balances | 1,149 | 586 | 7 | 8 |
| - retention sum receivables | 283 | 507 | - | - |
| - highly liquid investments | 3,392 | 597 | - | - |
| - others | - | 1 | - | - |
| | 4,824 | 1,691 | 7 | 8 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. FINANCE COSTS

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Interest expense of financial liabilities that are not at fair value through profit or loss: | | | | |
| - bank overdrafts | – | (3) | – | – |
| - bank guarantees | (3) | (9) | – | – |
| - revolving credit | (113) | (56) | – | – |
| - term loans | (4,491) | (3,595) | – | – |
| - RCPS dividend | (1,416) | (1,503) | (1,416) | (1,503) |
| | (6,023) | (5,166) | (1,416) | (1,503) |
| Recognised in profit or loss | (1,416) | (1,503) | (1,416) | (1,503) |
| Interest expense of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets: | | | | |
| - land held for property development | (1,810) | (1,437) | – | – |
| - property, plant and equipment | (2,270) | (1,473) | – | – |
| - inventories | (527) | (753) | – | – |
| | (6,023) | (5,166) | (1,416) | (1,503) |

20. TAX EXPENSE

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current tax expense | | | | |
| - Current year | 27,196 | 22,980 | – | – |
| - Under provision in prior years | 425 | 69 | – | – |
| Total current tax expense | 27,621 | 23,049 | – | – |
| Deferred tax expense | | | | |
| - Origination and reversal of temporary differences | 2,229 | 702 | – | – |
| - Crystallisation of deferred tax liability on revaluation of properties | (467) | (478) | – | – |
| - Under/(Over) provision in prior years | 542 | (497) | – | – |
| Total deferred tax expense/(benefit) | 2,304 | (273) | – | – |
| Total tax expense | 29,925 | 22,776 | – | – |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. TAX EXPENSE (CONT'D)

Reconciliation of tax expense

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Profit before tax | 121,441 | 96,098 | 18,095 | 21,912 |
| Income tax calculated using Malaysian tax rate at 24% (2022: 24%) | 29,146 | 23,064 | 4,343 | 5,259 |
| Non-deductible expenses | 488 | 573 | 478 | 503 |
| Non-taxable income | (100) | (145) | (4,819) | (5,762) |
| Effect of deferred tax assets not recognised | (109) | 190 | (2) | – |
| Crystallisation of deferred tax liability on revaluation of properties | (467) | (478) | – | – |
| Under/(Over) provision in prior years | 967 | (428) | – | – |
| | 29,925 | 22,776 | – | – |

21. PROFIT OF THE YEAR

| Note | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Profit of the year is arrived at after charging/(crediting): | | | | |
| Auditors' remunerations | | | | |
| - Audit fees | 231 | 190 | 47 | 38 |
| - Non-audit fees | 9 | 9 | 9 | 9 |
| Material expenses/(income) | | | | |
| Depreciation of: | | | | |
| - property, plant and equipment | 3,777 | 3,783 | – | – |
| - right-of-use assets | 35 | 9 | – | – |
| - investment properties | 395 | 395 | – | – |
| Write down of inventories | – | 700 | – | – |
| Write-off of property, plant and equipment | 123 | 143 | – | – |
| Personnel expenses (including key management personnel): | | | | |
| - Contributions to state plans | 1,139 | 739 | – | – |
| - Wages, salaries and others | 11,700 | 7,845 | – | – |
| Gain on disposal of investment property | (266) | – | – | – |
| Gain on liquidation of a subsidiary | – | – | (78) | – |
| Expenses arising from leases | | | | |
| Expenses relating to short-term leases | (i) 214 | 186 | – | – |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. PROFIT OF THE YEAR (CONT'D)

| Note | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Net change on impairment of financial instruments | | | | |
| Financial assets at amortised cost | – | 82 | – | – |

- (i) The Group leases hostel, office and coffee machine with contract terms less than one year. These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

22. EARNINGS PER ORDINARY SHARE

22.1 Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March was based on the earnings attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

| | Group | |
|--|---------|---------|
| | 2023 | 2022 |
| Profit for the year attributable to ordinary shareholders (RM'000) | 91,512 | 73,285 |
| Weighted average number of ordinary shares at 31 March ('000) | 396,238 | 396,198 |
| Basic earnings per ordinary share (sen) | 23.10 | 18.50 |

22.2 Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 March was based on earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

| | Group | |
|---|---------|---------|
| | 2023 | 2022 |
| Profit for the year attributable to ordinary shareholders (RM'000) | 91,512 | 73,285 |
| Weighted average number of ordinary shares at 31 March (basic) ('000) | 396,238 | 396,198 |
| Effect on conversion of RCPS ('000) | 523,611 | 523,611 |
| Weighted average number of ordinary shares at 31 March (diluted) ('000) | 919,849 | 919,809 |
| Diluted earnings per ordinary share (sen) | 9.95 | 7.97 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. DIVIDENDS

Dividends recognised by the Company:

| | Sen per share | Total amount RM'000 | Date of payment |
|---------------------------------------|---------------|---------------------|-------------------|
| 2023 | | | |
| First interim 2023 ordinary dividend | 1.0 | 3,922 | 28 September 2022 |
| Second interim 2023 ordinary dividend | 1.0 | 3,841 | 30 March 2023 |
| | | <hr/> 7,763 <hr/> | |

After the end of the reporting period, the following dividend was proposed and approved by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

| | Sen per share RM | Total amount RM'000 |
|--------------------------------------|------------------|---------------------|
| Third interim 2023 ordinary dividend | 1.0 | 3,676 |

Other than the above, there is no cumulative preference dividends not recognised in the current financial year.

24. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Chairperson (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1 – Property development. Includes property development of residential and commercial properties.
- Segment 2 – Hospitality. Includes hotel, food and beverage and recreation operation.

Other non-reportable segments comprise operations related to investment holding, distribution of electricity and leasing of properties. None of these segments met the quantitative thresholds for reporting segments in 2023 and 2022.

The accounting policies of the reportable segments are the same as described in Note 2(s).

Performance is measured based on segment profit/(loss) before tax, interest and depreciation, as included in the internal management reports that are reviewed by the Group's Executive Chairperson (the chief operating decision maker). Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. OPERATING SEGMENTS (CONT'D)

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Executive Chairperson. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Executive Chairperson. Hence no disclosure is made on segment liabilities.

| | Property development RM'000 | Hospitality RM'000 | Others RM'000 | Total RM'000 |
|--|-----------------------------------|-----------------------|------------------|-----------------|
| Group 2023 | | | | |
| Revenue | 323,069 | 42,745 | 4,810 | 370,624 |
| Segment profit | 109,310 | 11,904 | 1,026 | 122,240 |
| <i>Included in segment profit are:</i> | | | | |
| Revenue from external customers | 323,069 | 42,745 | 4,810 | 370,624 |
| Write-off of property, plant and equipment | – | (123) | – | (123) |
| <i>Not included in segment profit but provided to Executive Chairperson:</i> | | | | |
| Depreciation | (858) | (2,955) | (394) | (4,207) |
| Finance income | 4,744 | 49 | 31 | 4,824 |
| Finance costs | – | – | (1,416) | (1,416) |
| Segment assets | 946,133 | 115,000 | 17,636 | 1,078,769 |
| <i>Included in segment assets are:</i> | | | | |
| Additions to non-current assets # | 85,474 | 624 | – | 86,098 |

Additions to non-current assets consist of additions to property, plant and equipment and land held for property development.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. OPERATING SEGMENTS (CONT'D)

| | Property development RM'000 | Hospitality RM'000 | Others RM'000 | Total RM'000 |
|---|-----------------------------------|-----------------------|------------------|-----------------|
| Group 2022 Revenue | 243,372 | 24,334 | 3,181 | 270,887 |
| Segment profit/(loss) | 92,504 | 8,716 | (1,123) | 100,097 |
| <i>Included in segment profit/(loss) are:</i> | | | | |
| Revenue from external customers | 243,372 | 24,334 | 3,181 | 270,887 |
| Write-off of property, plant and equipment | – | (143) | – | (143) |
| Write down of inventories | (700) | – | – | (700) |
| Net loss on impairment of financial instruments | – | 80 | 2 | 82 |
| <i>Not included in segment profit/(loss) but provided to Executive Chairperson:</i> | | | | |
| Depreciation | (847) | (2,942) | (398) | (4,187) |
| Finance income | 1,638 | 31 | 22 | 1,691 |
| Finance costs | – | – | (1,503) | (1,503) |
| Segment assets | 940,195 | 116,780 | 17,675 | 1,074,650 |
| <i>Included in segment assets are:</i> | | | | |
| Additions to non-current assets # | 176,214 | 290 | – | 176,504 |

Additions to non-current assets consist of additions to property, plant and equipment and land held for property development.

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

| | Group | |
|--------------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Profit or loss | | |
| Total profit for reportable segments | 121,214 | 101,220 |
| Other non-reportable segments | 1,026 | (1,123) |
| Depreciation | (4,207) | (4,187) |
| Finance income | 4,824 | 1,691 |
| Finance costs | (1,416) | (1,503) |
| Consolidated profit before tax | 121,441 | 96,098 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items (cont'd)

| | External revenue RM'000 | Depreciation RM'000 | Finance costs RM'000 | Finance income RM'000 | Segment assets RM'000 | Additions to non- current assets RM'000 |
|----------------------------------|-------------------------------|------------------------|----------------------------|-----------------------------|-----------------------------|---|
| 2023 | | | | | | |
| Total reportable segments | 365,814 | (3,813) | – | 4,793 | 1,061,133 | 86,098 |
| Other non-reportable segments | 4,810 | (394) | (1,416) | 31 | 17,636 | – |
| Consolidated total | 370,624 | (4,207) | (1,416) | 4,824 | 1,078,769 | 86,098 |
| 2022 | | | | | | |
| Total reportable segments | 267,706 | (3,789) | – | 1,669 | 1,056,975 | 176,504 |
| Other non-reportable segments | 3,181 | (398) | (1,503) | 22 | 17,675 | – |
| Consolidated total | 270,887 | (4,187) | (1,503) | 1,691 | 1,074,650 | 176,504 |

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of the net carrying amounts of financial instruments categorised as amortised cost ("AC"):

| | Carrying amount RM'000 | AC RM'000 |
|------------------------------|------------------------------|--------------|
| 2023 | | |
| Financial assets | | |
| Group | | |
| Trade and other receivables* | 26,650 | 26,650 |
| Cash and cash equivalents | 158,012 | 158,012 |
| | 184,662 | 184,662 |
| Company | | |
| Trade and other receivables | 60,544 | 60,544 |
| Cash and cash equivalents | 198 | 198 |
| | 60,742 | 60,742 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Categories of financial instruments (cont'd)

The table below provides an analysis of the net carrying amounts of financial instruments categorised as amortised cost ("AC"): (cont'd)

| | Carrying amount RM'000 | AC RM'000 |
|------------------------------|------------------------------|--------------|
| 2023 | | |
| Financial liabilities | | |
| Group | | |
| Loans and borrowings | (196,336) | (196,336) |
| Trade and other payables | (117,396) | (117,396) |
| | (313,732) | (313,732) |
| Company | | |
| Other payables | (7,429) | (7,429) |
| 2022 | | |
| Financial assets | | |
| Group | | |
| Trade and other receivables* | 42,322 | 42,322 |
| Cash and cash equivalents | 126,383 | 126,383 |
| | 168,705 | 168,705 |
| Company | | |
| Trade and other receivables | 60,544 | 60,544 |
| Cash and cash equivalents | 466 | 466 |
| | 61,010 | 61,010 |
| Financial liabilities | | |
| Group | | |
| Loans and borrowings | (239,832) | (239,832) |
| Trade and other payables | (130,356) | (130,356) |
| | (370,188) | (370,188) |
| Company | | |
| Other payables | (3,545) | (3,545) |

* exclude net goods & services tax receivable

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Net gains and losses arising from financial instruments

| | Group | | Company | |
|--------------------------------|---------|---------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net gains/(losses) on: | | | | |
| Financial assets measured | | | | |
| at amortised cost | 4,824 | 1,609 | 7 | 8 |
| Financial liabilities measured | | | | |
| at amortised cost | (1,416) | (1,503) | (1,416) | (1,503) |
| | 3,408 | 106 | (1,409) | (1,495) |

25.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables from customers and trade balances from related parties. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

For property development segment, the services and products are predominantly rendered and sold to a large number of property purchasers supported by end-financing facilities from reputable financial institutions. The credit risks with respect to property purchasers with end-financing facilities are limited.

For hospitality segment, credit evaluations are required to be performed on major customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to recovery activities.

There are no significant changes as compared to previous year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (cont'd)

Trade receivables (cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of the receivables from hospitality segment are regular customers that have been transacting with the Group whilst significant portion of trade receivables for property development segment are property purchasers that have obtained end-financing from financial institutions. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables, which are deemed to have higher credit risk, are monitored individually.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables for hospitality segment will pay within 90 days. The Group will start to initiate a structured debt recovery process should there are indicators where the debts owing by a customer may not be fully recoverable. Should a structured debt recovery process is not possible, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of such trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years.

In respect of trade receivables arising from the sale of development properties, the Group retains the legal title to all properties sold until the full contracted sales value is settled. As such, under normal circumstances, the amounts due from property purchasers are not impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

| | Gross carrying amount RM'000 | Loss allowance RM'000 | Net balance RM'000 |
|----------------------------|---------------------------------------|-----------------------------|--------------------------|
| Group | | | |
| 2023 | | | |
| Current (not past due) | 8,872 | – | 8,872 |
| 1 – 30 days past due | 276 | – | 276 |
| 31 – 60 days past due | 106 | – | 106 |
| 61 – 90 days past due | 127 | – | 127 |
| | 9,381 | – | 9,381 |
| Credit impaired | | | |
| More than 90 days past due | 438 | (114) | 324 |
| Individually impaired | 351 | (351) | – |
| Trade receivables | 10,170 | (465) | 9,705 |
| 2022 | | | |
| Current (not past due) | 24,525 | (2) | 24,523 |
| 1 – 30 days past due | 74 | (3) | 71 |
| 31 – 60 days past due | 43 | (14) | 29 |
| 61 – 90 days past due | 26 | (23) | 3 |
| | 24,668 | (42) | 24,626 |
| Credit impaired | | | |
| More than 90 days past due | 334 | (72) | 262 |
| Individually impaired | 351 | (351) | – |
| Trade receivables | 25,353 | (465) | 24,888 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below.

| | Lifetime ECL RM'000 | Credit impaired RM'000 | Total RM'000 |
|---|------------------------------------|---------------------------------------|-------------------------|
| Group | | | |
| Balance at 1 April 2021 | 5 | 378 | 383 |
| Net loss on impairment on financial assets at amortised cost | 37 | 45 | 82 |
| Balance at 31 March 2022/1 April 2022 | 42 | 423 | 465 |
| Net change on impairment on financial assets at amortised cost | (42) | 42 | – |
| Balance at 31 March 2023 | – | 465 | 465 |

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from receivables from a joint venture partner and earnest deposit on the purchase of lands. The Group manages the credit risk on the receivables from joint venture partner together with the landowner's entitlement payable to the joint venture partner. The earnest deposit will be received from the solicitor upon termination of the sales and purchase agreement on the lands.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. The Group did not recognised any allowance for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides financial guarantees to local authorities in respect of constructions and service contracts provided to the subsidiaries. The Group monitors on an ongoing basis the results and repayments made by the subsidiaries.

The Company provides financial guarantees to banks in respect of credit facilities granted to certain subsidiaries. The Company also issued letters of financial support to certain subsidiaries and has indicated its willingness to provide continuing financial support to these subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM196,336,000 (2022: RM239,832,000) representing the outstanding credit facilities of the subsidiaries and RM9,195,000 (2022: RM12,624,000) representing financial guarantees given to local authorities as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. Accordingly, the financial guarantees have not been recognised since the fair value on initial recognition was not material.

Recognition and measurement of impairment loss

The Company determines the probability of default of the financial guarantees individually using internal information available.

No allowance for impairment losses is made for financial guarantees as at the end of the reporting period.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Group has trade balances with related parties. The Company provides unsecured advances to subsidiaries. The Group and the Company monitor the results of the related parties and subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (cont'd)

Inter-company balances (cont'd)

Recognition and measurement of impairment loss

Generally, the Group and the Company consider trade balances with related parties and unsecured advances to subsidiaries have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when a related party's or a subsidiary's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the related parties' trade balances and subsidiaries' advances when they are payable, the Group and the Company consider the trade balances and unsecured advances to be in default when the related parties and subsidiaries are not able to pay when demanded. The Group and the Company consider a related party's trade balance and a subsidiary's unsecured advance to be credit impaired when:

- The related party or subsidiary is unlikely to repay its trade balance and unsecured advance to the Group or the Company in full; or
- The related party or subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these trade balances and unsecured advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for related parties' trade balances and subsidiaries' unsecured advances.

| | Gross carrying amount RM'000 | Impairment loss allowance RM'000 | Net balance RM'000 |
|-----------------|---|---|-----------------------------------|
| Group | | | |
| 2023 | | | |
| Low credit risk | 68 | – | 68 |
| 2022 | | | |
| Low credit risk | 73 | – | 73 |
| Company | | | |
| 2023 | | | |
| Low credit risk | 60,543 | – | 60,543 |
| 2022 | | | |
| Low credit risk | 60,544 | – | 60,544 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (cont'd)

Highly liquid investments

Risk management objectives, policies and processes for managing the risk

Investments of the Group are restricted to highly liquid investments with an insignificant risk of changes in value.

Exposure to credit risk, credit quality and collaterals

As at the end of the reporting period, the Group has only placed highly liquid investments domestically. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The bank has low credit risks. The Group is of the view that no loss allowance is necessary.

25.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

| | Carrying amount RM'000 | Contractual interest rate per annum % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---|------------------------------|--|-------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------------|
| Group | | | | | | | |
| 2023 | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Trade and other payables | 117,396 | – | 117,396 | 92,150 | 25,246 | – | – |
| Secured revolving credit | 20,000 | 3.96 | 20,000 | 20,000 | – | – | – |
| Secured term loans | 176,336 | 4.20 - 4.47 | 220,346 | 11,020 | 12,643 | 93,941 | 102,742 |
| Financial guarantees | – | – | 9,195 | 1,048 | 7,790 | 357 | – |
| | 313,732 | | 366,937 | 124,218 | 45,679 | 94,298 | 102,742 |
| 2022 | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Trade and other payables | 130,356 | – | 130,356 | 107,549 | 22,807 | – | – |
| Secured revolving credit | 30,000 | 3.13 | 30,000 | 30,000 | – | – | – |
| Secured term loans | 209,832 | 3.12 - 3.41 | 253,310 | 10,072 | 10,154 | 87,881 | 145,203 |
| Financial guarantees | – | – | 12,624 | 4,767 | 7,500 | 357 | – |
| | 370,188 | | 426,290 | 152,388 | 40,461 | 88,238 | 145,203 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

| | Carrying amount RM'000 | Contractual interest rate per annum % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---|------------------------------|--|-------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------------|
| Company | | | | | | | |
| 2023 | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Other payables | 7,429 | - | 7,429 | 7,429 | - | - | - |
| Financial guarantees | - | - | 196,336 | 196,336 | - | - | - |
| | 7,429 | | 203,765 | 203,765 | - | - | - |
| 2022 | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Other payables | 3,545 | - | 3,545 | 3,545 | - | - | - |
| Financial guarantees | - | - | 239,832 | 239,832 | - | - | - |
| | 3,545 | | 243,377 | 243,377 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates and other prices that will affect the Group's financial position or cash flows.

25.6.1 Interest rate risk

The Group's fixed rate receivables are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirements.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

| | Group | |
|----------------------------------|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Fixed rate instruments | | |
| Financial assets | 17,560 | 32,187 |
| Floating rate instruments | | |
| Financial liabilities | (196,336) | (239,832) |

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.6 Market risk (cont'd)

25.6.1 Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have (decreased)/increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

| | Post-tax profit or loss | | | |
|---------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 50 bp increase 2023 RM'000 | 50 bp decrease 2023 RM'000 | 50 bp increase 2022 RM'000 | 50 bp decrease 2022 RM'000 |
| Group | | | | |
| Floating rate instruments | (746) | 746 | (911) | 911 |

25.6.2 Other price risk

The Group is not exposed to any other price risk.

25.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instrument not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statement of financial position.

| | Fair value of financial instruments not carried at fair value | | | | Carrying amount RM'000 |
|------------------------------|--|-------------------|-------------------|-------------------------------|------------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total fair value RM'000 | |
| Group | | | | | |
| 2023 | | | | | |
| Financial liabilities | | | | | |
| RCPS | – | – | (14,567) | (14,567) | (14,567) |
| Secured term loans | – | – | (173,646) | (173,646) | (176,336) |
| | – | – | (188,213) | (188,213) | (190,903) |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.7 Fair value information (cont'd)

| | Fair value of financial instruments not carried at fair value | | | Total fair value | Carrying amount |
|------------------------------|--|-------------------|-------------------|---------------------|--------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | RM'000 | RM'000 |
| Group | | | | | |
| 2022 | | | | | |
| Financial assets | | | | | |
| Retention sum receivables | – | – | 19,674 | 19,674 | 19,674 |
| Financial liabilities | | | | | |
| RCPS | – | – | (22,052) | (22,052) | (22,052) |
| Secured term loans | – | – | (206,963) | (206,963) | (209,832) |
| | – | – | (229,015) | (229,015) | (231,884) |
| Company | | | | | |
| 2023 | | | | | |
| Financial liabilities | | | | | |
| RCPS | – | – | (14,567) | (14,567) | (14,567) |
| 2022 | | | | | |
| Financial liabilities | | | | | |
| RCPS | – | – | (22,052) | (22,052) | (22,052) |

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

| Type | Description of valuation technique and inputs used |
|---------------------------------|--|
| Retention sum receivables, RCPS | The carrying amounts of the retention sum receivables and RCPS reasonably approximate fair value due to the most recent available information is not sufficient to determine fair value. |
| Secured term loans | Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date. |

Valuation processes applied by the Group for Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest of loans and borrowings is determined by reference to similar borrowing arrangements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. CONTINGENT LIABILITIES

In the previous financial year, Serta Usaha Sdn. Bhd., a wholly-owned subsidiary, was defending an action brought by a third party which claimed for recovery of Goods & Services Tax from the subsidiary amounting to RM1,107,000. Based on legal advice, the Directors were of the opinion that a provision was not required in respect of this matter as it was not probable that future sacrifice of economic benefits will be required.

During the financial year, both parties have reached an agreement through out-of-court settlement. A notice of discontinuance has been filed by both parties as at end of the financial year.

27. CAPITAL COMMITMENT

| | Group |
|----------------------------------|----------------|
| | 2023 RM'000 |
| | 2022 RM'000 |
| Land held for development | |
| Contracted but not provided for | – 39,293 |

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business.

The debt-to-equity ratios at 31 March 2023 and at 31 March 2022 were as follows:

| | Note | Group 2023 RM'000 | 2022 RM'000 |
|---------------------------------|------|-------------------------|----------------|
| Total borrowings | 14 | 196,336 | 239,832 |
| Less: Cash and cash equivalents | 11 | (158,012) | (126,383) |
| Net debt | | 38,324 | 113,449 |
| Total equity | | 634,973 | 558,460 |
| Debt-to-equity ratios | | 0.06 | 0.20 |

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

The Group has related party relationship with its subsidiaries, entities in which the Directors have interest and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company is shown below. The balances related to the below transactions are shown in Notes 10 and 16.

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| A. Subsidiaries | | | | |
| Dividend income | | | | |
| - Kerjaya Property Sdn. Bhd. | – | – | 20,000 | 24,000 |
| Payment on behalf (by)/for | | | | |
| - Kerjaya Property Sdn. Bhd. | – | – | (4,441) | (13,401) |
| B. Entities in which certain Directors have interest | | | | |
| Kerjaya Prospek (M) Sdn. Bhd. | | | | |
| - Construction contract | (139,212) | (133,466) | – | – |
| - Hospitality revenue | 342 | 45 | – | – |
| - Rental income | 12 | 12 | – | – |
| Dekad Intelek Sdn. Bhd. | | | | |
| - Rental expenses | (223) | (223) | – | – |
| Pampas Sky Dining Sdn. Bhd. | | | | |
| - Rental income | 270 | 208 | – | – |
| - Electricity revenue | 88 | 61 | – | – |
| 3D Interactive Park Sdn. Bhd. | | | | |
| - Electricity revenue | – | 10 | – | – |
| V Toy Museum (M) Sdn. Bhd. | | | | |
| - Electricity revenue | – | 6 | – | – |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. RELATED PARTIES (CONT'D)

Significant related party transactions (cont'd)

| | Group | | Company | |
|--------------------------------------|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| C. Key management personnel | | | | |
| Tee Eng Seng, a Director | | | | |
| - Rental expenses | (148) | (155) | – | – |
| Datin Toh Siew Chuon, a Director | | | | |
| - Rental expenses | (79) | (79) | – | – |
| Directors of the Company: | | | | |
| - Fees | 138 | 190 | 138 | 190 |
| - Remuneration | 1,669 | 979 | 21 | 18 |
| | 1,807 | 1,169 | 159 | 208 |
| Other Directors of the Group: | | | | |
| - Remuneration | 858 | 510 | – | – |
| | 2,665 | 1,679 | 159 | 208 |

30. SIGNIFICANT EVENT DURING THE YEAR

Pixel Valley Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 6 December 2021 entered into a Purchase and Development Agreement with a third party to acquire all that piece of vacant freehold land held under Hakmilik Sementara H.S.(D) 50861, PT 6025, Mukim 13, Daerah Seberang Prai Selatan, Negeri Pulau Pinang for a total cash consideration of RM27,565,720. The transaction was completed during the financial year.

31. SUBSEQUENT EVENT

Summit Audio (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 18 May 2023 entered into a Sales and Purchase Agreement with a third party to dispose a parcel of leasehold apartment for a total cash consideration of RM250,000. As at the date of this report, the transaction has not been completed and the ownership of the said property has not been transferred.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 79 to 149 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 of 31 March 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Datin Toh Siew Chuon
Director

.....
Tee Eng Seng
Director

Kuala Lumpur

Date: 26 July 2023

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Datin Toh Siew Chuon**, the Director primarily responsible for the financial management of Kerjaya Prospek Property Berhad, do solemnly and sincerely declare that the financial statements set out on pages 79 to 149 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 above named Datin Toh Siew Chuon, NRIC: 660508-13-5074, in Kuala Lumpur, Wilayah Persekutuan on 26 July 2023.

.....
Datin Toh Siew Chuon

Before me:

Alizahwati Binti Atan
License No. W811
Commissioner of Oaths
Kuala Lumpur, Wilayah Persekutuan

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KERJAYA PROSPEK PROPERTY BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kerjaya Prospek Property Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 79 to 149.

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 March 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (cont'd)

Key Audit Matter for the Group

| Accuracy of the estimated budgeted cost to complete property development projects | |
|---|--|
| Refer to Note 2 – Significant accounting policy: Revenue and other income, Note 8 – Inventories and Note 9 – Contract with customers | |
| The key audit matter | How the matter was addressed in our audit |
| <p>We identified accuracy of the estimated budgeted cost to complete property development projects as the key audit matter due to:-</p> <p>i) potential cost overruns for properties under development where any expected loss on a development project shall be recognised as write down of inventories (properties under development) or adjusted in the transaction price, including potential foreseeable loss and delays in progress of work; and</p> <p>ii) significant judgement and estimation involved in preparing the estimates of total budgeted costs to complete a project.</p> <p>Any over or understatement of forecast costs could result in a material variance in the amount of profit or loss recognised to date and in the current year.</p> | <p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> evaluated the appropriateness of the projects' budgeted costs by reviewing the basis of preparation and comparing to available letter of awards, contracts and variations orders; challenged the reasonableness of the project's budget and key assumptions used which includes expected recovery of variations, claims and compensations events, by taking into account of our own expectations based on historical performance and industry knowledge, including obtaining and assessing information provided by management to determine whether the forecast assumptions are consistent with the terms of the relevant contracts; and evaluated the accuracy of profit being recognised in the profit or loss, including assessing any foreseeable losses due to cost overruns and/or delays arising from late delivery of vacant possession to purchasers by reviewing the contractual delivery dates of the signed agreements against the management's estimated delivery dates and progress reports. |

Key Audit Matter for the Company

We have determined that there is no key audit matter in the audit of the financial statements of the Company to be communicated in our Auditors' Report.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- i) 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.
- ii) 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 internal control of the Group and of the Company.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv) 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- v) 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 gives a true and fair view.
- vi) 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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.

.....
KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 26 July 2023

.....
Chew Beng Hong
Approval Number: 02920/02/2024 J
Chartered Accountant

TOP 10 LIST OF PROPERTIES

AS AT 31 MARCH 2023

| No | Address/Location | Description/ Existing Use | Total Land Area/Built-up Area (sq metres) | Tenure | Approximate Age of Building (Years) | Net Book Value as at 31/3/2023 (RM'000) | Date of Acquisition/ Date of Revaluation |
|----|--|------------------------------|--|--|--|--|---|
| 1 | Bloomsdale@Old Klang Road, Jalan Puchong, 58200 Kuala Lumpur | Mixed development | 18,102 | Freehold | N/A | 200,638 | 8-Nov-2018 |
| 2 | Swiss Garden Hotel Melaka, The Shore @ Melaka River, Jalan Persisiran Bunga Raya, 75300 Melaka Bandaraya Bersejarah | Hotel | 27,947 | Freehold | 9 | 108,568 | 10-Nov-2014 |
| 3 | PN3664, Lot 19, Seksyen 13, Bandar Petaling Jaya, Petaling, Selangor | Vacant land | 20,772 | 99 years leasehold land, expiring 10 April 2067 | N/A | 89,407 | 13-Jan-2022 |
| 4 | G Residence, No. 8, Jalan Mutiara 7, Taman Perindustrian Plentong, 81750 Masai, Johor | Mixed development | 22,276 | Freehold | 3 | 87,264 | 12-Mar-2020 |
| 5 | Tower 1, Tower 3 and Tower 3A, The Shore @ Melaka River, Jalan Persisiran Bunga Raya, 75300 Melaka Bandaraya Bersejarah | Mixed development | 33,756 | Freehold | 9 | 73,079 | 10-Nov-2014 |
| 6 | Lot 30259 and 201562, Mukim Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur | Vacant land | 9,092 | Freehold | N/A | 45,873 | 6-May-2021 |
| 7 | PN113068, Lot 87285, Damansara Damai, Mukim Sungai Buloh, Petaling, Selangor | Vacant land | 26,310 | 99 years leasehold land, expiring on 26 February 2116 | N/A | 45,363 | 27-Jan-2022 |

TOP 10 LIST OF PROPERTIES (CONT'D)

| No | Address/Location | Description/ Existing Use | Total Land Area/Built-up Area (sq metres) | Tenure | Approximate Age of Building (Years) | Net Book Value as at 31/3/2023 (RM'000) | Date of Acquisition/ Date of Revaluation |
|----|---|------------------------------|--|--|--|--|---|
| 8 | Lot 29688-29715, Jalan Impian 5 and Jalan Impian 6, 47000 Kuang, Selangor | Vacant land | 62,188 | Freehold and 99 years leasehold land, expiring on 15 December 2111 | N/A | 33,474 | 31-May-2019 |
| 9 | HS(D)50861, PT 6025, Mukim 13, Daerah Seberang Perai Selatan, Negeri Pulau Pinang | Vacant land | 19,700 | Freehold | N/A | 28,997 | 28-Dec-2022 |
| 10 | PN120015, Lot 10460, Seksyen 15, Bandar Shah Alam, Petaling, Selangor | Mixed development | 8,993 | 99 years leasehold land, expiring on 26 September 2106 | N/A | 28,299 | 31-Mar-2019 |

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2023

| | |
|------------------------|--|
| Issued Shares | : 400,142,339 Ordinary Shares ("OS") and 2,618,054,651 Redeemable Convertible Preference Shares ("RCPS") |
| Class of Shares | : OS (Listed Securities) RCPS (Non-listed Securities) |
| Treasury shares | : 32,500,800 treasury shares held by the Company |
| Voting Rights for OS | : One vote per shareholder on a show of hands or one vote per OS on a poll |
| Voting Rights for RCPS | : One vote per shareholder on a show of hands or one vote per RCPS on a poll at such class meeting of the RCPS. The RCPS holder has no right to vote at any general meeting of the ordinary shareholders except with regards to any proposal to reduce the capital of the Company, to dispose of the whole of the Company's property, business and/or undertakings, to wind-up the Company and any time during the winding-up of the Company |

ANALYSIS OF LISTED SECURITIES BY SIZE OF HOLDINGS AS AT 30 JUNE 2023 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

| SIZE OF HOLDINGS | NO. OF SHAREHOLDERS | % OF SHAREHOLDERS | NO. OF OS | % OF ISSUED OS |
|--|------------------------|----------------------|--------------------|-------------------|
| Less than 100 | 534 | 12.404 | 17,728 | 0.004 |
| 100 to 1,000 | 438 | 10.174 | 247,321 | 0.067 |
| 1,001 to 10,000 | 1,967 | 45.691 | 9,974,236 | 2.713 |
| 10,001 to 100,000 | 1,141 | 26.504 | 36,299,192 | 9.873 |
| 100,001 to less than 5% of issued shares | 223 | 5.180 | 112,773,314 | 30.674 |
| 5% and above of issued shares | 2 | 0.046 | 208,329,748 | 56.666 |
| Total | 4,305 | 100.000 | 367,641,539 | 100.000 |

Note:

* Exclude a total of 32,500,800 treasury shares retained by the Company as per record of depositors as at 30 June 2023

ANALYSIS OF SHAREHOLDINGS (CONT'D)

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 JUNE 2023 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

| NO. | NAME | NO.OF OS* | % OF ISSUED OS* |
|--------------|---|--------------------|-----------------------|
| 1. | JAWAWANA SDN BHD | 187,829,748 | 51.090 |
| 2. | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAWAWANA SDN BHD (BDA) | 20,500,000 | 5.576 |
| 3. | AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR JAWAWANA SDN BHD (SMART) | 17,520,300 | 4.765 |
| 4. | ANG SWEE KUANG | 5,333,800 | 1.450 |
| 5. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DOH JEE MING (7012602) | 4,300,000 | 1.169 |
| 6. | RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON | 3,566,700 | 0.970 |
| 7. | MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH) | 2,662,800 | 0.724 |
| 8. | YAP BOOI LEK | 2,320,400 | 0.631 |
| 9. | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN (MY3368) | 2,175,500 | 0.591 |
| 10. | KONG CHEE HENG | 1,738,000 | 0.472 |
| 11. | MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA) | 1,723,700 | 0.468 |
| 12. | TAN KIM HENG | 1,664,920 | 0.452 |
| 13. | KONG CHEE HENG | 1,575,300 | 0.428 |
| 14. | DOH JEE CHAI | 1,445,400 | 0.393 |
| 15. | YEL CONSTRUCTION SDN BHD | 1,400,000 | 0.380 |
| 16. | RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO KWAI KHENG | 1,250,000 | 0.340 |
| 17. | LEW MING KIET | 1,175,160 | 0.319 |
| 18. | SEE BOON YONG | 1,167,900 | 0.317 |
| 19. | YAP NAM FEE | 1,156,300 | 0.314 |
| 20. | HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG FAI TAT | 1,100,000 | 0.299 |
| 21. | TAN AH HOI | 1,093,400 | 0.297 |
| 22. | CHIN CHIN SEONG | 1,060,000 | 0.288 |
| 23. | LUM KWOK WENG @ LUM KOK WENG | 1,050,000 | 0.285 |
| 24. | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG TONG PHENG @ ENG AH TOON (E-SPI) | 1,000,000 | 0.272 |
| 25. | MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (BALANCE) | 967,000 | 0.263 |
| 26. | MAYBANK NOMINEES (TEMPATAN) SDN BHD KHOO ENG SENG | 960,000 | 0.261 |
| 27. | GAN CHOON HOCK | 841,000 | 0.228 |
| 28. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHIE KING (8119887) | 820,000 | 0.223 |
| 29. | HO WEI FUN | 807,920 | 0.219 |
| 30. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW WEI NGEE (7002796) | 781,260 | 0.212 |
| TOTAL | | 270,986,508 | 73.709 |

Note:

* Exclude a total of 32,500,800 treasury shares retained by the Company as per record of depositors as at 30 June 2023.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

(as per the Register of Directors' Shareholdings as at 30 June 2023)

| Name of Directors | Direct | No. of OS held | | | No. of RCPS held | |
|----------------------|---------|----------------|----------------------------|-----------------------|------------------------------|-----------------------|
| | | % | Indirect | % | Indirect | % |
| Datin Toh Siew Chuon | – | – | 225,850,048 ⁽¹⁾ | 61.432 ⁽¹⁾ | 2,618,054,651 ⁽¹⁾ | 100.00 ⁽¹⁾ |
| Tee Eng Seng | – | – | 225,850,048 ⁽¹⁾ | 61.432 ⁽¹⁾ | 2,618,054,651 ⁽¹⁾ | 100.00 ⁽¹⁾ |
| Kuan Ying Tung | – | – | – | – | – | – |
| Ir. Low Wu Shin | – | – | – | – | – | – |
| Tee Sun Ee | 207,300 | 0.056 | – | – | – | – |

Notes:-

⁽¹⁾ Deemed interested by virtue of their interest in Jawawana Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS IN THE COMPANY

(as per the Register of Substantial Shareholders as at 30 June 2023)

| Name of Substantial Shareholders | Direct | No. of OS Held | | |
|----------------------------------|-------------|----------------|----------------------------|-----------------------|
| | | % | Indirect | % |
| Jawawana Sdn. Bhd. | 225,850,048 | 61.432 | – | – |
| Datuk Tee Eng Ho | – | – | 225,850,048 ⁽¹⁾ | 61.432 ⁽¹⁾ |
| Datin Toh Siew Chuon | – | – | 225,850,048 ⁽¹⁾ | 61.432 ⁽¹⁾ |
| Tee Eng Seng | – | – | 225,850,048 ⁽¹⁾ | 61.432 ⁽¹⁾ |

⁽¹⁾ Deemed interested by virtue of their interest in Jawawana Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

DIRECTORS' SHAREHOLDINGS IN A RELATED CORPORATION, JAWAWANA SDN. BHD.

(as per the Register of Directors' Shareholdings as at 30 June 2023)

| | Direct | |
|----------------------|-----------------------------|-------|
| | No. of Ordinary Shares held | % |
| Datin Toh Siew Chuon | 2,500,000 | 25.00 |
| Tee Eng Seng | 5,000,000 | 50.00 |
| Datuk Tee Eng Ho | 2,500,000 | 25.00 |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirtieth Annual General Meeting of the Company will be held virtually through live streaming from Kerjaya Prospek Property Berhad, No. 1, Jalan Wangsa Permai, 1st Floor, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur as the Broadcast Venue and via a remote participation and voting facilities via Tricor's TIH Online website provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia at <https://tiah.online> on Friday, 25 August 2023 at 11.00 a.m. or at any adjournment thereof to transact the following businesses:-

AGENDA

- | | | |
|----|--|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2023 and the Reports of Directors and Auditors thereon. | |
| 2. | To approve the payment of Directors' fees to the Non-Executive Directors of RM138,000 in respect of the financial year ended 31 March 2023. | Ordinary Resolution 1 |
| 3. | To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM50,000 from 26 August 2023 until the next annual general meeting of the Company. | Ordinary Resolution 2 |
| 4. | To re-elect the following Directors, who retire pursuant to the Company's Constitution:- | |
| | (i) Tee Eng Seng (Article 95) | Ordinary Resolution 3 |
| | (ii) Ir. Low Wu Shin (Article 95) | Ordinary Resolution 4 |
| 5. | To appoint KPMG PLT as Auditors of the Company and authorise the Directors to determine their remuneration. | Ordinary Resolution 5 |
| 6. | To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:- | |

(A) AUTHORITY TO ALLOT SHARES

"THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Companies Act 2016 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 allotted pursuant to this Resolution does not exceed 10% of the issued shares of the Company for the time being.

Ordinary Resolution 6

AND THAT pursuant to Article 59 of the Constitution, direction to the contrary of pre-emptive rights under Section 85 of the Companies Act 2016 be and is hereby given for the Directors to offer and issue new shares of the Company ranking equally to the existing shares of the Company pursuant to the aforesaid authority, to such persons for such consideration as the Directors deem fit and in the best interest of the Company."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(B) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject always to the Companies Act 2016 ("**Act**"), provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares ("**Shares**") through Bursa Securities, subject to the following:-

Ordinary Resolution 7

- (a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued Shares of the Company at any point in time;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the retained profits of the Company;
- (c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-
 - (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or
 - (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
 - (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in general meeting;

whichever occurs first;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(B) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

- (d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner as the Directors of the Company may decide:-
- (i) cancel the Shares so purchased; or
 - (ii) retain the Shares so purchased as treasury shares; or
 - (iii) retain part of the Shares so purchased as treasury shares and/or cancel the remainder of the Shares/ treasury shares; or
 - (iv) distribute the treasury shares as dividends to shareholders; or
 - (v) resell the treasury shares or any of the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; or
 - (vi) transfer the treasury shares or any of the treasury shares for the purposes of or under an employees' share scheme; or
 - (vii) transfer the treasury shares or any of the treasury shares as purchase consideration; or
 - (viii) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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

Ordinary Resolution 8

"THAT, subject to the Companies Act 2016 ("**Act**"), the Constitution of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("**KPPROP Group**") to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as specified in Section 2.3 of the Circular to Shareholders dated 27 July 2023 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent RPTs**") provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

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

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company 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) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

7. To transact any other business of which due notice shall have been received.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

BY ORDER OF THE BOARD

SEOW FEI SAN (SSM Practising Certificate No. 201908002299)
MOK MEE KEE (SSM Practising Certificate No. 201908002288)
 Secretaries

Petaling Jaya
 27 July 2023

NOTES TO THE NOTICE OF THIRTIETH ANNUAL GENERAL MEETING ("30th AGM"):-

1. Proxy

- 1.1 For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 30th AGM, the Company shall be requesting the Record of Depositors as at Wednesday, 16 August 2023. Only depositors whose names appear in the Record of Depositors as at Wednesday, 16 August 2023 shall be regarded as members and entitled to attend, speak and vote at the meeting.
- 1.2 A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, entitled to attend and vote at the meeting is entitled to appoint a maximum of two (2) proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the member to speak at the meeting.
- 1.3 Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- 1.4 Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 1.5 The Proxy Form shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
- 1.6 The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote:

In Hardcopy Form

The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

By Electronic Form

In the case of an appointment made via **TIIH Online**, this proxy form must be deposited via **TIIH Online** at <https://tjih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

- 1.7 Last date and time for lodging the proxy form is Wednesday, 23 August 2023 at 11.00 a.m.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES TO THE NOTICE OF THIRTIETH ANNUAL GENERAL MEETING ("30th AGM"):- (CONT'D)

2. Audited Financial Statements for the financial year ended 31 March 2023

The audited financial statements are laid before the members pursuant to Section 340(1) of the Companies Act 2016 ("Act"). The members' approval on the audited financial statements is not required and the same is for discussion only, hence, the matter will not be put for voting.

3. Ordinary Resolutions 1 and 2: Directors' fees and benefits payable to the Non-Executive Directors

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 30th AGM on the Directors' fees and benefits in two (2) separate resolutions as below:-

- Ordinary Resolution 1 on payment of Directors' fees to the Non-Executive Directors in respect of the financial year ended 31 March 2023; and
- Ordinary Resolution 2 on payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors from 26 August 2023 until the next AGM ("Mandate Period").

The Directors' benefits payable to the Directors are essentially the meeting allowance for attendance of Board/Board Committee meetings/General meetings of the Company. The Directors' benefits from 26 August 2023 until the conclusion of the next AGM is estimated not to exceed RM50,000. The Board will seek shareholders' approval at the subsequent AGM in the event the said amount of the Directors' benefits is insufficient to pay the Non-Executive Directors for their services for the Mandate Period due to an increase in Board/Board Committee meetings/General meetings and/or increase in Board size.

Details of the Directors' fees payable to the Non-Executive Directors for the financial year ended 31 March 2023 are disclosed in the Corporate Governance Overview Statement as contained in Annual Report 2023.

4. Ordinary Resolutions 3 and 4: Re-election of Directors

Re-election of Directors who retire in accordance with Article 95 of the Company's Constitution

Article 95 of the Company's Constitution provides that an election of Directors shall take place each year. At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors 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 ALWAYS that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

The Board endorsed the Nomination Committee's recommendation that the Directors who retire in accordance with Article 95 of the Company's Constitution are eligible to stand for re-election. They, being eligible for re-election, have given their consent for re-election.

5. Ordinary Resolution 6: Authority to Allot Shares

The proposed Ordinary Resolution 6, if passed, will:

- (a) empower the Directors of the Company to allot and issue shares not exceeding 10% of the issued shares of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company; and
- (b) give direction to the Directors of the Company under Article 59 of the Company's Constitution to offer and issue new shares pursuant to the authority granted to any such persons without first to offer the new shares to the existing members of the Company in proportion to their shareholding.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES TO THE NOTICE OF THIRTIETH ANNUAL GENERAL MEETING ("30th AGM"):- (CONT'D)

5. Ordinary Resolution 6: Authority to Allot Shares (Cont'd)

The authorisation unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The authority, if granted, will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for purpose of funding future business expansion and investment activities / projects, working capital, repayment of bank borrowing and/or acquisitions.

As at the date of issuance of this Annual Report 2023, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last Annual General Meeting held on 23 August 2022 and which will lapse at the conclusion of the 30th AGM.

6. Ordinary Resolution 7: Proposed Renewal of Share Buy-back Authority

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to purchase the Company's ordinary shares of up to ten percent (10%) of the total number of issued ordinary shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company.

For further information on the proposed renewal of share buy-back authority, please refer to the Statement to Shareholders for the Proposed Renewal of Share Buy-Back on page 167 to 178 of the Annual Report 2023.

7. Ordinary Resolution 8: Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Further information on the proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature is set out in the Circular to Shareholders dated 27 July 2023, which is despatched together with the Notice of 30th AGM.

SHARE BUY-BACK STATEMENT

STATEMENT ACCOMPANYING NOTICE OF 30TH ANNUAL GENERAL MEETING OF KERJAYA PROSPEK PROPERTY BERHAD (“KPPROP” or “the Company”)

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1.0 IMPORTANCE

This statement is important and requires your immediate attention.

If you are in 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 this share buy-back statement (“**Statement**”) prior to its issuance as such contents are exempt from perusal pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities (“**Listing Requirements**”). Bursa Securities takes no responsibility for the contents of this Statement and 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 Statement.

2.0 INTRODUCTION

At the 29th Annual General Meeting (“**AGM**”) held on 23 August 2022, KPPROP obtained shareholders’ approval for the purchase of up to a maximum of ten percent (10%) of the total number of issued shares of the Company (referred to the Ordinary Shares of KPPROP (“**Share(s)**” or “**KPPROP Shares**”) quoted on Bursa Securities.

This authority conferred by the shareholders will expire at the conclusion of the forthcoming 30th AGM of the Company.

On 26 July 2023, the Board of Directors of KPPROP (“**Board**” or “**Directors**”) announced the Company’s intention to seek the approval of the shareholders of KPPROP for the renewal of the shareholders’ mandate at the forthcoming 30th AGM to allow the Directors to exercise the power of the Company, after the minimum public shareholding spread is met, to purchase its own shares up to a maximum of ten percent (10%) of the total number of issued Shares of KPPROP at any point of time within the Authority Period as defined in 3.3 (“**Proposed Shareholders’ Mandate for Share Buy-Back**” or “**Proposed Share Buy-Back**”).

The Proposed Share Buy-Back will be effected through KPPROP’s appointed stockbroker.

THE PURPOSE OF THIS STATEMENT IS TO PROVIDE THE SHAREHOLDERS WITH THE RELEVANT INFORMATION ON THE PROPOSED SHARE BUY-BACK AND TO SET OUT THE VIEW AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK THE APPROVAL FROM THE SHAREHOLDERS FOR THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS’ MANDATE FOR SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING 30TH AGM, NOTICE OF WHICH IS CONTAINED IN THIS ANNUAL REPORT.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS’ MANDATE FOR SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING 30TH AGM.

3.0 DETAILS OF THE PROPOSED SHAREHOLDERS’ MANDATE FOR SHARE BUY-BACK

3.1 Maximum number or percentage of KPPROP Shares to be acquired

Based on the records of the Company as at 30 June 2023 being the latest practicable date prior to printing of this Statement (“**LPD**”), KPPROP has a total of 400,142,339 Shares. Pursuant to the Proposed Share Buy-Back, KPPROP may purchase up to 40,014,233 KPPROP Shares, representing up to 10% of its total number of issued Shares as at the LPD, subject to the extent that the public shareholding spread of the Company shall not fall below 25% of the total number of issued Shares of the Company in the hands of public shareholders at all times.

SHARE BUY-BACK STATEMENT (CONT'D)

3.1 Maximum number or percentage of KPPROP Shares to be acquired (cont'd)

The computation of the total number of issued KPPROP Shares assuming that the Proposed Share Buy-Back is to be implemented in full is illustrated as follows:-

| | No. of KPPROP Shares |
|---|-------------------------|
| Total number of KPPROP Shares as at the LPD | 400,142,339 |
| Less: | |
| Treasury shares based on the Record of Depositors as at LPD | (32,500,800) |
| Maximum number of KPPROP Shares that can be repurchased | (7,513,433) |
| Total number of issued Shares of KPPROP after full implementation of the Proposed Share Buy-Back | 360,128,106 |

Note:-

Assuming no conversion of Redeemable Convertible Preference Shares, prior to the implementation of the Proposed Share Buy-Back

3.2 Maximum amount of funds to be allocated and the source of funds

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Share Buy-Back must be made wholly out of the retained earnings of the Company. Accordingly, the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained earnings of the Company at the time of purchase. Based on the Company's audited financial statements as at 31 March 2023, the Company registered a retained profit of RM50,328,967. Based on the latest unaudited financial statements of the Company as at 30 June 2023, the Company has a retained profit of RM49,939,951.

Notwithstanding the above, the Proposed Share Buy-Back may be funded using the internally generated funds of KPPROP and/or external borrowings, the exact proportion/quantum of which has yet to be determined at this juncture. The source of funding the Proposed Share Buy-Back will only be determined at a later stage depending on, amongst others, the availability of internally generated funds, the retained earnings and financial resources of the Company at the time of the purchase(s), the actual number of KPPROP Shares to be purchased and other relevant cost factors.

The actual number of KPPROP Shares to be purchased 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 earnings and the financial resources available to the Company.

In the event the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, the Board will ensure that the Company has sufficient financial capability to repay the bank borrowings and that the Bank borrowings will not have a material impact on the cash flow of the Company.

3.3 Duration of the Proposed Share Buy-Back

The Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back by the shareholders of KPPROP at the forthcoming 30th AGM. Pursuant to Paragraph 12.07(3) of the Listing Requirements, the Proposed Share Buy-Back shall be valid until:-

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

SHARE BUY-BACK STATEMENT (CONT'D)

3.3 Duration of the Proposed Share Buy-Back (cont'd)

- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting,
- whichever occurs first ("**Authority Period**").

The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own Shares at any time during the Authority Period.

3.4 Treatment of Purchased Shares

In accordance with Section 127(4) of the Act, the Board is able to deal with the KPPROP shares purchased pursuant to the Proposed Share Buy-Back ("**Purchased Shares**") in the following manner:-

- (i) to cancel the Purchased Shares;
- (ii) to retain the Purchased Shares as treasury shares; or
- (iii) to retain part of the Purchased Shares as treasury shares and cancel the remainder.

Pursuant to Section 127(5) of the Act, shares that are purchased by a company unless held in treasury, shall be deemed to be cancelled immediately on purchase.

Based on Section 127(7) of the Act, where such Purchased Shares are held as treasury shares, the Board may, at their discretion:-

- (i) distribute the treasury shares as dividends to KPPROP shareholders, such dividends to be known as "share dividends";
- (ii) resell the treasury shares or any of the treasury shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the treasury shares or any of the treasury shares for the purpose of or under an employees' share scheme;
- (iv) transfer the treasury shares or any of the treasury shares as purchase consideration;
- (v) cancel the treasury shares or any of the treasury shares; or
- (vi) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies (as set out in the Act) may by order prescribe.

Pursuant to Section 127(8) of the Act, if the Purchased Shares are held as treasury shares, the rights attached to them in relation to attend and vote at meetings, dividends and participation in any other distribution including any distribution of assets upon winding up of the company and otherwise are suspended. In accordance with Section 127(9) of the Act, the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at meetings.

The decision whether to retain the Purchased Shares as treasury shares, or to cancel the Purchased Shares or a combination of both, will be determined by the Board at the appropriate time.

The Company will make an immediate announcement to Bursa Securities of any purchase or resale of KPPROP Shares and whether the Purchased Shares will be cancelled or retained as treasury shares or a combination of both.

SHARE BUY-BACK STATEMENT (CONT'D)

3.5 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, KPPROP may only purchase its own Shares at a price which is not more than 15% above the 5-day Volume-Weighted Average market Price ("VWAP") of KPPROP Shares immediately preceding the date of the purchase(s).

Pursuant to Paragraph 12.18 of the Listing Requirements, KPPROP may only resell or transfer any treasury shares on Bursa Securities at a price which is:-

- (i) not less than the 5-day VWAP of KPPROP Shares immediately before the day of the resale or transfer; or
- (ii) a discounted price of not more than 5% to the 5-day VWAP of KPPROP Shares immediately before the date of resale or transfer, provided that:-
 - (a) the resale or transfer takes place not earlier than 30 days from the date of the purchase; and
 - (b) the resale or transfer price is not less than the cost of purchase of the KPPROP Shares being resold or transferred.

3.6 Previous purchases, resale and cancellation of treasury shares

As at the LPD, a total of 32,500,800 Shares were held as treasury shares. The Company has not resold, transferred and/or cancelled any treasury shares in the previous 12 months preceding this Statement.

The detail of the purchases made by the Company of its own shares during the previous 12 months are as follows:-

| Date of Purchase | No. of Shares Purchased | Share Price per Share | | Average price paid per Share RM | *Total Consideration Paid RM |
|-------------------|-------------------------|-----------------------|------------|---------------------------------|------------------------------|
| | | Lowest RM | Highest RM | | |
| 12 August 2022 | 300,000 | 0.560 | 0.580 | 0.570 | 171,457.50 |
| 15 August 2022 | 224,000 | 0.550 | 0.580 | 0.565 | 127,240.00 |
| 16 August 2022 | 471,900 | 0.580 | 0.610 | 0.593 | 280,584.00 |
| 17 August 2022 | 500,000 | 0.605 | 0.620 | 0.613 | 309,637.50 |
| 18 August 2022 | 171,000 | 0.605 | 0.635 | 0.620 | 106,810.00 |
| 19 August 2022 | 44,000 | 0.630 | 0.635 | 0.633 | 27,870.00 |
| 22 August 2022 | 204,500 | 0.630 | 0.635 | 0.633 | 129,790.00 |
| 24 August 2022 | 161,000 | 0.635 | 0.635 | 0.635 | 102,235.00 |
| 29 August 2022 | 94,000 | 0.615 | 0.630 | 0.623 | 59,013.00 |
| 01 September 2022 | 154,800 | 0.625 | 0.635 | 0.630 | 97,627.00 |
| 02 September 2022 | 181,900 | 0.630 | 0.635 | 0.633 | 115,389.00 |
| 05 September 2022 | 244,500 | 0.630 | 0.635 | 0.633 | 154,815.00 |
| 07 September 2022 | 236,500 | 0.620 | 0.635 | 0.628 | 149,342.50 |
| 14 September 2022 | 377,700 | 0.615 | 0.640 | 0.628 | 239,736.00 |
| 19 September 2022 | 40,600 | 0.620 | 0.635 | 0.628 | 25,680.50 |
| 21 September 2022 | 66,400 | 0.630 | 0.635 | 0.633 | 41,964.00 |
| 22 September 2022 | 52,500 | 0.620 | 0.635 | 0.628 | 33,000.00 |
| 27 September 2022 | 288,900 | 0.615 | 0.630 | 0.623 | 180,581.50 |
| 29 September 2022 | 203,400 | 0.620 | 0.630 | 0.625 | 127,425.00 |

SHARE BUY-BACK STATEMENT (CONT'D)

3.6 Previous purchases, resale and cancellation of treasury shares (cont'd)

The detail of the purchases made by the Company of its own shares during the previous 12 months are as follows (cont'd):-

| Date of Purchase | No. of Shares Purchased | Share Price per Share | | Average price paid per Share RM | *Total Consideration Paid RM |
|------------------|-------------------------|-----------------------|------------|---------------------------------|------------------------------|
| | | Lowest RM | Highest RM | | |
| 05 October 2022 | 277,900 | 0.595 | 0.620 | 0.608 | 170,092.50 |
| 07 October 2022 | 136,200 | 0.610 | 0.630 | 0.620 | 85,226.00 |
| 11 October 2022 | 95,200 | 0.610 | 0.630 | 0.620 | 59,353.00 |
| 12 October 2022 | 161,600 | 0.620 | 0.630 | 0.625 | 101,592.00 |
| 19 October 2022 | 117,400 | 0.615 | 0.630 | 0.623 | 73,106.00 |
| 21 October 2022 | 137,000 | 0.620 | 0.630 | 0.625 | 85,570.50 |
| 01 November 2022 | 173,500 | 0.615 | 0.630 | 0.623 | 108,139.00 |
| 24 November 2022 | 148,700 | 0.610 | 0.625 | 0.618 | 91,601.50 |
| 09 December 2022 | 226,800 | 0.620 | 0.635 | 0.628 | 142,500.00 |
| 16 December 2022 | 260,000 | 0.620 | 0.640 | 0.630 | 165,872.00 |
| 23 December 2022 | 280,000 | 0.620 | 0.640 | 0.630 | 177,445.00 |
| 09 January 2023 | 800,000 | 0.595 | 0.620 | 0.608 | 491,426.00 |
| 11 January 2023 | 251,900 | 0.620 | 0.630 | 0.625 | 156,937.50 |
| 18 January 2023 | 172,200 | 0.610 | 0.610 | 0.610 | 105,042.00 |
| 19 January 2023 | 530,000 | 0.610 | 0.625 | 0.618 | 328,601.50 |
| 20 January 2023 | 232,900 | 0.615 | 0.625 | 0.620 | 144,972.50 |
| 25 January 2023 | 424,100 | 0.615 | 0.630 | 0.623 | 266,534.50 |
| 16 February 2023 | 600,000 | 0.610 | 0.625 | 0.618 | 371,804.50 |
| 21 February 2023 | 660,000 | 0.590 | 0.620 | 0.605 | 397,302.00 |
| 22 February 2023 | 259,400 | 0.610 | 0.620 | 0.615 | 159,636.00 |
| 02 March 2023 | 225,000 | 0.620 | 0.630 | 0.625 | 140,763.50 |
| 07 March 2023 | 380,000 | 0.610 | 0.625 | 0.618 | 236,483.00 |
| 08 March 2023 | 260,000 | 0.610 | 0.630 | 0.620 | 161,489.00 |
| 09 March 2023 | 190,400 | 0.620 | 0.625 | 0.623 | 118,521.00 |
| 14 March 2023 | 300,000 | 0.600 | 0.615 | 0.608 | 182,980.00 |
| 15 March 2023 | 185,200 | 0.605 | 0.615 | 0.610 | 113,818.00 |
| 21 March 2023 | 201,900 | 0.600 | 0.610 | 0.605 | 122,632.00 |
| 07 April 2023 | 184,000 | 0.605 | 0.610 | 0.608 | 111,720.00 |
| 18 May 2023 | 620,000 | 0.575 | 0.595 | 0.585 | 361,109.50 |
| 23 May 2023 | 208,900 | 0.595 | 0.600 | 0.598 | 125,115.50 |
| 26 May 2023 | 680,900 | 0.590 | 0.590 | 0.590 | 401,731.00 |
| 29 May 2023 | 4,000,000 | 0.600 | 0.600 | 0.600 | 2,400,000.00 |
| 30 May 2023 | 4,844,600 | 0.595 | 0.600 | 0.598 | 2,905,257.00 |
| 31 May 2023 | 5,261,600 | 0.600 | 0.600 | 0.600 | 3,156,960.00 |

* Note: The total consideration paid is excluding transaction costs.

SHARE BUY-BACK STATEMENT (CONT'D)

3.7 Public shareholding spread of KPPROP

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% shareholding spread requirements as set out in Paragraph 8.02(1) of the Listing Requirements.

The public shareholding spread of the Company as at LPD stood at 38.51%.

The Board is mindful of the requirement that any purchase of KPPROP Shares by the Company must not result in the public shareholding spread of KPPROP falling below 25% of the total number of issued Shares.

3.8 Implications relating to the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission of Malaysia ("Rules")

Pursuant to the Rules, a person or a group of persons acting in concert will be required to make a mandatory offer if his/their stake(s) in the Company is/are increased to beyond 33% of the voting shares or voting rights of a company or if his/their existing shareholding(s) is/are more than 33% but less than 50% and it exceeds by another 2% in any six (6) month's period.

In the event that the Proposed Share Buy-Back results in the shareholdings of any of the above parties being affected, the said person or group of persons acting in concert will be obliged to make a mandatory offer for the remaining KPPROP Shares not held by him/them. However, an exemption from a mandatory offer obligation may be granted by the Securities Commission under the Rules, subject to the affected person and the parties acting in concert complying with the certain conditions, if the obligation is triggered as a result of action outside their direct participation.

As it is not intended for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory offer by any of its substantial shareholders and/or parties acting in concert with them, the Company is mindful that only such number of shares are purchased, retained as treasury shares, cancelled or distributed such that the Rules will not be triggered. However, in the event that an obligation to undertake a mandatory offer should arise with respect to any parties resulting from the Proposed Share Buy-Back, the relevant parties shall make the necessary application to the Securities Commission for an exemption from undertaking a mandatory offer under the Rules before a mandatory offer is triggered.

4.0 RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will enable KPPROP to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the market. With the share buy-back mandate being procured, the Company will be able to stabilise the supply and demand of KPPROP Shares traded on Bursa Securities and thereby support its fundamental value, if required.

In addition, the Purchased Shares may be held as treasury shares and resold on Bursa Securities with the intention of realising a potential gain without affecting the total issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, and it will be implemented only after taking into consideration, amongst others, the financial resources of KPPROP, and of the resultant impact on the shareholders of the Company. The Board will be mindful of the best interests of the Company and its shareholders when undertaking the Proposed Share Buy-Back.

SHARE BUY-BACK STATEMENT (CONT'D)

5.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

5.1 Advantages of the Proposed Share Buy-Back

- (i) The Proposed Share Buy-Back, if implemented, will allow the Company to take preventive measures against speculation which would in turn, stabilise the market price of KPPROP Shares and hence, enhance investor's confidence.
- (ii) The Company would have the opportunity to realise potential capital gains if the Purchased Shares are resold at prices higher than the purchase prices and such proceeds may be subsequently utilised for working capital and investment opportunities arising in the future.
- (iii) The Purchased Shares (if retained as treasury shares) may serve as an alternative to reward the shareholders of the Company in the event the Company distributes the treasury shares as share dividends.

5.2 Disadvantages of the Proposed Share Buy-Back

- (i) The Proposed Share Buy-Back will reduce the amount of resources available for distribution to the shareholders of the Company and may result in KPPROP and its subsidiaries ("**the Group**") having to forego feasible investment opportunities that may surface in the future. However, the financial resources of the Group may increase if the Purchased Shares are resold at prices higher than the acquisition cost.
- (ii) The Proposed Share Buy-Back will reduce the trading liquidity of Shares in the open market as a result of a decrease in the number of outstanding Shares.

The Board does not expect the Proposed Share Buy-Back to result in any material disadvantage to the Company and its shareholders as it will be implemented only after taking into consideration that there is adequate cash flow to fund KPPROP's working capital requirements and dividends to be paid to the shareholders prior to allocating the available resources for the Proposed Share Buy-Back. The Board, in exercising any decision to purchase any KPPROP Shares will be mindful of the interests of the Company, the Group and the shareholders in implementing the Proposed Share Buy-Back.

6.0 EFFECTS OF THE PROPOSED SHARE BUY-BACK

6.1 Issued shares

The effects of the Proposed Share Buy-Back on the Company's issued shares will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

In the event that the maximum number of KPPROP Shares (of up to 10% of the latest total number of issued Shares) authorised under the Proposed Share Buy-Back are purchased and retained as treasury shares, there would be no effect to the issued share capital of KPPROP.

SHARE BUY-BACK STATEMENT (CONT'D)

6.1 Issued shares (cont'd)

However, assuming that the maximum number of KPPROP Shares (of up to 10% of the latest total number of issued Shares) authorised under the Proposed Share Buy-Back are purchased and cancelled, the effects of the Proposed Share Buy-Back are set out below:-

| | No. of Shares |
|---|--------------------|
| Issued Shares as at the LPD | 400,142,339 |
| Less: | |
| Treasury Shares based on the Record of Depositors as at LPD | (32,500,800) |
| Maximum number of KPPROP Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back while maintaining the 25% public shareholdings spread requirement | (7,513,433) |
| Issued Share after the Proposed Share Buy-Back | 360,128,106 |

Note:-

Assuming no conversion of Redeemable Convertible Preference Shares, prior to the implementation of the Proposed Share Buy-Back and no change in shareholdings for shares held by Directors, Major Shareholders and Person Connected to Directors/Major Shareholders.

6.2 Net Assets ("NA") per Share and gearing

The effects of the shares repurchase on the NA per Share of the KPPROP is dependent on factors such as the number of KPPROP Shares which the Company will buy-back, purchase price of the KPPROP Shares at the time of the buy-back, the treatment of the Shares purchased and the funding cost, if any.

The Purchased Shares that are retained as treasury shares would decrease the consolidated NA by the acquisition cost of the treasury shares, as the treasury shares are required to be carried at cost and would offset against the equity. The acquisition costs for future shares buy-backs are unknown at this juncture. If the treasury shares are subsequently cancelled or distributed as share dividends, there will be no additional effect on the consolidated NA of KPPROP.

In the event the Purchased Shares that are retained as treasury shares are resold in the open market on Bursa Securities, the consolidated NA of KPPROP will be affected by the resale value of the Shares. In the event the resale value is higher than the cost, there would be a net increase in the consolidated NA of KPPROP. On the contrary, in the event the cost is higher than the resale value, there would be a net decrease on the consolidated NA of the Company.

If the Purchased Shares are retained as treasury shares, cancelled and/or distributed as share dividends, the consolidated NA per Share will decrease if the purchase price of KPPROP Shares exceeds the consolidated NA per Share, and if the consolidated NA per Share exceeds the purchase price of KPPROP Shares, the consolidated NA per Share will increase. On the contrary, the converse effect would apply in the event the treasury shares are resold on Bursa Securities.

SHARE BUY-BACK STATEMENT (CONT'D)

6.3 Earnings and Earnings Per Share ("EPS")

The effects of the Proposed Share Buy-Back on the earnings of the Group are dependent on the purchase price of KPPROP Shares and the effective funding cost of such purchases or loss in interest income to the Group, if internally generated funds are utilised.

Furthermore, the Proposed Share Buy-Back, regardless if the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of Shares being used for the purposes of computing the EPS. Hence, the Proposed Share Buy-Back will improve the EPS of KPPROP, which in turn is expected to have a positive influence on the market price of KPPROP Shares.

In the event the Purchased Shares which are retained as treasury shares and subsequently resold, the extent of the effect on the earnings of KPPROP will depend on the actual selling price, the number of treasury shares resold and the effective gain or the interest savings arising from the exercise.

6.4 Working capital

The Proposed Share Buy-Back will result in cash outflow, thereby reducing the working capital of the KPPROP, the quantum of which is dependent on the purchase prices of the KPPROP Shares and the number of KPPROP Shares repurchased and the funding costs, if any. Nevertheless, the Board will take into consideration the interests of KPPROP and its shareholders as well as assess the working capital requirements KPPROP of the Group prior to the Proposed Share Buy-Back.

6.5 Dividends

The Proposed Share Buy-Back is not expected to have any material impact on the Board's decision in recommending future dividends. Nonetheless, the Proposed Share Buy-Back may have an impact on the Company's dividend quantum as it would reduce the cash available for dividend payment, which may otherwise be used for dividend payment. Notwithstanding the above, the KPPROP Shares purchased which are held as treasury shares may be distributed as Share dividends to shareholders of the Company, if the Board decides to do so.

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SHARE BUY-BACK STATEMENT (CONT'D)

6.6 Interest of Substantial shareholders / Major shareholders, directors and/or person connected to them

For illustration purposes only, the pro forma effects of the shareholdings of substantial shareholders / major shareholders, directors and/or person connected to them of KPPROP assuming the repurchase of KPPROP Shares by the Company pursuant to the Proposed Share Buy-Back is carried out in full and the shares so purchased are cancelled, are as follows:-

| | Shareholdings as at the LPD | | | After the Proposed Share Buy-Back | | |
|--|-----------------------------|--------|--------------|-----------------------------------|--------|--------------|
| | Direct | | Indirect | Direct | | Indirect |
| | No. of Shares | % | | No. of Shares | % | |
| Substantial shareholders/ major shareholders* | | | | | | |
| JAWAWANA SDN BHD | 225,850,048 | 61.432 | - | 225,850,048 | 62.714 | - |
| DATUK TEE ENG HO | - | - | 225,850,048# | - | - | 225,850,048# |
| DATIN TOH SIEW CHUON | - | - | 225,850,048# | - | - | 225,850,048# |
| TEE ENG SENG | - | - | 225,850,048# | - | - | 225,850,048# |
| Directors^ | | | | | | |
| DATIN TOH SIEW CHUON | - | - | 225,850,048# | - | - | 225,850,048# |
| TEE ENG SENG | - | - | 225,850,048# | - | - | 225,850,048# |
| IR. LOW WUU SHIN | - | - | - | - | - | - |
| KUAN YING TUNG | - | - | - | - | - | - |
| TEE SUN EE | 207,300 | 0.056 | - | 207,300 | 0.058 | - |

Note:-

Assuming no conversion of Redeemable Convertible Preference Shares as at LPD, prior to the implementation of the Proposed Share Buy-Back and no change in shareholdings for shares held by Directors, Substantial Shareholders/Major Shareholders and Person Connected to Directors/Substantial Shareholders/Major Shareholders.

Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of their shareholdings in Jawawana Sdn. Bhd.

* Shareholdings based on the Register of Substantial Shareholders' Shareholdings.

^ Shareholdings based on the Directors' Shareholdings.

SHARE BUY-BACK STATEMENT (CONT'D)

7.0 HISTORICAL SHARE PRICES

The monthly highest and lowest traded prices of KPPROP Shares (adjusted retrospectively for the dividends declared) on Bursa Securities for the last 12 months from July 2022 to June 2023 are as follows:-

| | High (RM) | Low (RM) |
|--|--------------|-------------|
| 2022 | | |
| July | 0.550 | 0.520 |
| August | 0.640 | 0.520 |
| September | 0.655 | 0.605 |
| October | 0.640 | 0.580 |
| November | 0.635 | 0.585 |
| December | 0.645 | 0.605 |
| 2023 | | |
| January | 0.635 | 0.570 |
| February | 0.640 | 0.590 |
| March | 0.635 | 0.585 |
| April | 0.615 | 0.590 |
| May | 0.610 | 0.570 |
| June | 0.710 | 0.600 |
| The last transacted price of KPPROP Shares as at the LPD prior to the printing of this Statement | | 0.605 |

(Source: Investing.com)

8.0 APPROVALS REQUIRED

The Proposed Share Buy-Back is subject to and conditional upon the shareholders' approval being obtained at the AGM of KPPROP to be convened.

The Proposed Share Buy-Back is not conditional upon any other proposals undertaken or to be undertaken by the Company.

The voting on the resolution in relation to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back at the 30th AGM will be taken via poll.

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

Save for the proportionate increase in the percentage of shareholding and/or voting rights of shareholders of the Company as a result of the Proposed Share Buy-Back in KPPROP that Purchased Shares are retained as treasury shares and/or cancelled, none of the directors and/or major shareholders of KPPROP and/or persons connected to them have any interests, whether direct or indirect, in the Proposed Share Buy-Back or resale of the treasury shares, if any.

10.0 DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, including the rationale and the effects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution in respect of the Proposed Shareholders' Mandate for Share Buy-Back to be tabled at the forthcoming 30th AGM.

SHARE BUY-BACK STATEMENT (CONT'D)

11.0 DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement. The Board confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

12.0 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor during normal business hours between Mondays and Fridays (except public holidays) from the date of this Statement up to and including the date of the forthcoming 30th AGM:-

- (a) the Constitution of KPPROP; and
- (b) the audited financial statements of KPPROP for the past 2 financial years ended 31 March 2022 and 31 March 2023.

This Statement is dated 27 July 2023.

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ADMINISTRATIVE GUIDE

FOR THE THIRTIETH ANNUAL GENERAL MEETING ("30TH AGM")

ADMINISTRATIVE DETAILS

THIRTIETH ANNUAL GENERAL MEETING ("30TH AGM") OF KERJAYA PROSPEK PROPERTY BERHAD

| | | |
|---|---|--|
| Date | : | Friday, 25 August 2023 |
| Time | : | 11.00 a.m. |
| Broadcast Venue | : | Kerjaya Prospek Property Berhad No. 1, Jalan Wangsa Permai, 1st Floor, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur |
| Meeting Platform/ RPV Facilities | : | TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia |

The 30th AGM will be conduct on a **virtual basis through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") **TIIH Online** website at <https://tiih.online>.

The broadcast venue of the 30th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No members/proxy(ies)/corporate representative(s) will be physically present at the meeting venue.

We **strongly encourage** you to attend the 30th AGM via the RPV facilities. Alternatively, you may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 30th AGM.

RPV facilities

The RPV facilities are available on Tricor's **TIIH Online** website at <https://tiih.online>.

Members are to attend, speak (including posing questions to the Board of Directors ("Board")/Management of the Company in the form of real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 30th AGM using RPV facilities provided by Tricor.

A member of the Company who has appointed a proxy or attorney or authorised representative to participate at this 30th AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at Tricor's TIIH Online website at <https://tiih.online>.

Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

ADMINISTRATIVE GUIDE (CONT'D)

Procedures to Remote Participation and Voting via RPV Facilities

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 30th AGM using the RPV facilities:

| | Procedure | Action |
|---|---|--|
| BEFORE THE 30TH AGM DAY | | |
| (a) | Register as an user with Tricor's TIIH Online website | <ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online and register as an user under the "e-Services" select "Create Account by Individual Holder". Kindly refer to the tutorial guide posted on the homepage for assistance. Registration as an user will be approved within one (1) working day and you will be notified via email. If you are already an user with Tricor's TIIH Online website, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at Tricor's TIIH Online website. |
| (b) | Submit your registration for RPV | <ul style="list-style-type: none"> Registration is open from Thursday, 27 July 2023 until the day of 30th AGM on Friday, 25 August 2023. Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 30th AGM to ascertain their eligibility to participate in the 30th AGM using the RPV. Login with your user ID and password and select the corporate event: "(Registration) KP PROPERTY 30TH AGM". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 16 August 2023, the system will send you an e-mail after 23 August 2023 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and register for the RPV).</i></p> |

ADMINISTRATIVE GUIDE (CONT'D)

Procedures to Remote Participation and Voting via RPV Facilities (cont'd)

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 30th AGM using the RPV facilities: (cont'd)

| | Procedure | Action |
|---|---------------------------------------|---|
| ON THE DAY OF THE 30TH AGM (FRIDAY, 25 AUGUST 2023) | | |
| (c) | Login to Tricor's TIIH Online website | <ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 30th AGM at any time from 10.00 a.m. i.e. one (1) hour before the commencement of the 30th AGM on 11.00 a.m. on Friday, 25 August 2023. |
| (d) | Participate through Live Streaming | <ul style="list-style-type: none"> Select the corporate event: "(Live Stream Meeting) KP PROPERTY 30TH AGM" to engage in the proceedings of the 30th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavour to respond to questions submitted by remote participants during the 30th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting. |
| (e) | Online Remote Voting | <ul style="list-style-type: none"> Voting session commences from 11.00 a.m. on Friday, 25 August 2023 until a time when the Chairman announces the end of the session. Select the corporate event: "(Remote Voting) KP PROPERTY 30TH AGM" or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes. |
| (f) | End of remote participation | <ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the 30th AGM, the live streaming will end. |

Note to users of the RPV facilities:

Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor's Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

Pre-Meeting Submission of Questions to the Board of Directors

The Board recognises that the 30th AGM is a valuable opportunity for the Board to engage with members. In order to enhance the efficiency of the proceedings of the 30th AGM, members may in advance, before the 30th AGM, submit questions to the Board via Tricor's TIIH Online website at <https://tiih.online>, by selecting "**e-Services**" to login, post your questions and submit it electronically no later than **Wednesday, 23 August 2023 at 11.00 a.m.** The Board will endeavor to address the questions received at the 30th AGM.

ADMINISTRATIVE GUIDE (CONT'D)

Entitlement to Participate and Appointment of Proxy

Only members whose names appear on the Record of Depositors as at **16 August 2023** shall be eligible to attend, speak and vote at the 30th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

In view that the 30th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

If you wish to participate in the 30th AGM yourself, please do not submit any Form of Proxy for the 30th AGM. You will not be allowed to participate in the 30th AGM together with a proxy appointed by you.

Accordingly, form of proxy and/or documents relating to the appointment of proxy/corporate representative/attorney for the 30th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Wednesday, 23 August 2023 at 11.00 a.m.:**

(a) In hard copy:

By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

(b) By electronic form:

All members can have the option to submit Form of Proxy electronically via TIIH Online and the steps to submit are summarised below:

| | Procedure | Action |
|--|--|---|
| i. Steps for Individual Members | | |
| (a) | Register as a User with Tricor's TIIH Online website | <ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services" and select "Create Account by Individual Holder". Please refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register again. |
| (b) | Proceed with submission of Form of Proxy | <ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "KP PROPERTY 30TH AGM – Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your vote. Review and confirm your proxy(ies) appointment. Print the Form of Proxy for your record. |

ADMINISTRATIVE GUIDE (CONT'D)

Entitlement to Participate and Appointment of Proxy (cont'd)

(b) By electronic form: (cont'd)

All members can have the option to submit Form of Proxy electronically via TIIH Online and the steps to submit are summarised below: (cont'd)

| | Procedure | Action |
|---|---|--|
| ii. Steps for Corporation or Institutional Members | | |
| (a) | Register as an User with Tricor's TIIH Online website | <ul style="list-style-type: none"> • Access TIIH online at https://tiah.online • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p> |
| (b) | Proceed with submission of Form of Proxy | <ul style="list-style-type: none"> • Login to Tricor's TIIH Online website at https://tiah.online • Select the corporate event: "KP PROPERTY 30TH AGM – Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record. |

Poll Voting at Meeting

The voting at the 30th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Bursa Malaysia Securities Berhad ("**Bursa Securities**") Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll voting electronically ("**e-voting**") and Asia Securities Sdn Bhd as Independent Scrutineers to verify the poll results.

Members/proxy(ies)/corporate representative(s)/attorney(s) can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 30th AGM at 11.00 a.m.. Kindly refer to "**Procedures to Remote Participation and Voting via RPV Facilities**" provided above for guidance on how to vote remotely via TIIH Online.

Results of the voting

The resolutions proposed at the 30th AGM and the results of the voting will be announced at the 30th AGM and subsequently via an announcement made by the Company through Bursa Securities' website at www.bursamalaysia.com.

ADMINISTRATIVE GUIDE (CONT'D)

No Breakfast / Lunch Pack, Door Gift or Food Voucher

There will be no distribution of breakfast/lunch packs, door gifts or food vouchers during the 30th AGM.

Annual Report 2023 and Circular to Shareholders dated 27 July 2023 in relation to the Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Circular 2023")

The Annual Report 2023 and Circular 2023 are available on the Company's website at www.kpproperty.com.my and Bursa Securities's website at www.bursamalaysia.com under Company's announcements.

You may request for a printed copy of the Annual Report 2023 and Circular 2023 at <https://tiih.online> by selecting "**Request for Annual Report/Circular**" under the "**Investor Services**".

Kindly consider the environment before you decide to request for the printed copy of the Annual Report and Circular to Shareholders. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

Recording Or Photography

Strictly NO unauthorised recording or photography of the proceedings of the 30th AGM is allowed.

Enquiry

If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at +603-2783 9299 during office hours on Monday to Friday from 8:30 a.m. to 5:30 p.m. (except on public holiday).

Share Registrar – Tricor Investor & Issuing House Services Sdn Bhd

General Line : +603 – 2783 9299

Fax Number : +603 – 2783 9222

Email : is.enquiry@my.tricorglobal.com

Contact Persons : Mr. Jake Too : +603-2783 9285

: Mr. Aiman : +603-2783 9262

: Mr. David Look : +603-2783 9281

PROXY FORM

I/We _____
(FULL NAME IN CAPITAL LETTER AND I/C NO. / COMPANY NO.)

of _____
(ADDRESS)

being a member/members of **KERJAYA PROSPEK PROPERTY BERHAD** ("Company") hereby appoint _____

_____ of
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

_____ (ADDRESS)

or failing him/her, _____
(FULL NAME IN CAPITAL LETTER AND I/C NO.)

of _____
(ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy, to vote for *me/us and on *my/our behalf at the Thirtieth Annual General Meeting ("**30th AGM**") of the Company to be held virtually through live streaming from Kerjaya Prospek Property Berhad, No. 1, Jalan Wangsa Permai, 1st Floor, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur as the Broadcast Venue and via a remote participation and voting facilities via Tricor's TIH Online website provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia at <https://tjih.online> on Friday, 25 August 2023 at 11.00 a.m. or at any adjournment thereof and to vote as indicated below:-

| ORDINARY RESOLUTIONS | | FOR | AGAINST |
|----------------------|--|-----|---------|
| 1 | To approve the Directors' fees | | |
| 2 | To approve the Directors' benefits | | |
| 3 | To re-elect Tee Eng Seng as a Director of the Company | | |
| 4 | To re-elect Ir. Low Wu Shin as a Director of the Company | | |
| 5 | To appoint KPMG PLT as Auditors of the Company | | |
| 6 | To approve authority to allot shares | | |
| 7 | To approve the proposed renewal of share buy-back authority | | |
| 8 | To approve the proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature | | |

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2023

No. of ordinary shares held

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-

| | No. of shares | Percentage |
|---------|---------------|------------|
| Proxy 1 | | |
| Proxy 2 | | |
| Total | | |

Signature of Member / Common Seal

NOTES:

IMPORTANT NOTICE

- For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 30th AGM, the Company shall be requesting the Record of Depositors as at Wednesday, 16 August 2023. Only depositors whose names appear in the Record of Depositors as at Wednesday, 16 August 2023 shall be regarded as members and entitled to attend, speak and vote at the meeting.
- A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, entitled to attend and vote at the meeting is entitled to appoint a maximum of two (2) proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the member to speak at the meeting.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The Proxy Form shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote:

In Hardcopy Form

The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

By Electronic Form

In the case of an appointment made via TIH Online, this proxy form must be deposited via TIH Online at <https://tjih.online>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIH Online.

- Last date and time for lodging the proxy form is Wednesday, 23 August 2023 at 11.00 a.m..

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Stamp

The Share Registrar
KERJAYA PROSPEK PROPERTY BERHAD
Registration No.: 199401001358 (287036-X)
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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Fold This Flap For Sealing

KERJAYA
PROSPEK
PROPERTY
BERHAD

199401001358 (287036-X)

No.1, Jalan Wangsa Permai,
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