KJTS GROUP BERHAD
(Registration No. 202201020004 (1465701-T))

EXPERTISE THAT ENERGISES EXCELLENCE

2023 | ANNUAL REPORT

COVER RATIONALE

Nestled within the KJTS logo are the three pillars of our service spectrum, each bearing the hallmark of precision and innovation: **Cooling Energy Services, Cleaning Services, and Facilities Management Services.**

Our focus on energy-centric, technical management services underscores our unwavering commitment to sustainability and operational efficiency. Let us navigate the currents of change with confidence and conviction, as we raise the benchmarks of success in the realm of energy solutions and beyond.

At KJTS Group, a sustainable future is not just a destination; it is a destination we shape, together.

Visit https://www.kjts.com.my/site/investor-reports or scan the QR code to access KJTS Group Berhad Annual Report 2023

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Corporate
Overview

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ABOUT US

KJTS Group Berhad and its subsidiaries ("KJTS Group") provide integrated building support services in Malaysia, Singapore and Thailand.

KJTS Group offers a combination of cooling energy services, cleaning services and facilities management services. Our commitment to sustainability drives us to integrate methods into our services that can successfully decrease energy usage and carbon emissions while addressing environmental issues.

Facilities Management Services

KJTS Group delivers a comprehensive and highly customisable range of facilities management services, which harnesses the use of our technical experience and technological platforms to provide our clients with transparent and cost-effective solutions.

Cooling Energy Services

Our Cooling Energy Segment involves the supply of chilled water for space cooling, managing efficient energy usage and providing operations and maintenance services for cooling energy systems. We also carry out Engineering, Procurement, Construction, and Commissioning ("EPCC") of cooling energy systems, focusing on District Cooling Systems ("DCS") and chiller plants, as well as airside equipment.

Cleaning Services

Our team strives for a holistic approach on all the cleaning services to your commercial property. Furthermore, we are driven to provide reliable long-term cleaning and maintenance services that keep your commercial properties well covered.

CORPORATE STRUCTURE

KJTS GROUP BERHAD

100%

KJ Technical Services Sdn. Bhd.

- 100% KJ Engineering Sdn. Bhd.
- 100% KJ Energy Management Sdn. Bhd.
- 100% DCS Power Sdn. Bhd.
- 100% KJ Energy Services Sdn. Bhd.
- 100% KJ FEM Pte. Ltd. (1)
- 60% KJ Facilities Management Sdn. Bhd.
- 90% ETC Cleaning Services Sdn. Bhd.
- 51% Astute MFM Sdn. Bhd.
- 51% AUNOA Solutions Sdn. Bhd.
- 49% KJTN Engineering Co., Ltd. (2)
- 45% DCS Energy Sdn. Bhd.
- 30% Acres Growth Sdn. Bhd.
- 30% KJ Technical Services Co., Ltd. (2)

Subsidiary

Associated company

Domant

Notes:

(1) Incorporated in Singapore

(2) Incorporated in Thailand

CORPORATE INFORMATION

Board of Directors

Azura Binti Azman
Independent Non-Executive Chairman

Lee Kok Choon
Group Managing Director
(Redesignated on 1 April 2024)

Sheldon Wee Tah Poh
Group Executive Director
(Redesignated on 1 April 2024)

Ng Kok Ken
Independent Non-Executive Director

Elaine Law Soh Ying
Independent Non-Executive Director

Dr. Teoh Pek Loo
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Ng Kok Ken
Chairman

Elaine Law Soh Ying
Member

Dr. Teoh Pek Loo
Member

NOMINATING COMMITTEE

Dr. Teoh Pek Loo
Chairman

Ng Kok Ken
Member

Elaine Law Soh Ying
Member

REMUNERATION COMMITTEE

Elaine Law Soh Ying
Chairman

Ng Kok Ken
Member

Dr. Teoh Pek Loo
Member

LONG-TERM INCENTIVE PLAN COMMITTEE

Lee Kok Choon
Chairman

Ng Kok Ken
Member

Dr. Teoh Pek Loo
Member

Corporate Information (Cont'd)

COMPANY SECRETARY

Joanne Toh Joo Ann
(SSM PC No. 202008001119)
(LS 0008574)

Catherine Haw Woan Shi
(SSM PC No. 202408000180)
(MAICSA 7076116)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
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59200 Kuala Lumpur
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Email : info@my.tricorglobal.com

HEAD OFFICE

Suite 3.03, Level 3, Wisma E&C
No. 2, Lorong Dungun Kiri
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Tel. No. : (03) 2716 6866

SPONSOR

Hong Leong Investment Bank Berhad
Level 28, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel. No. : (03) 2083 1800

AUDITORS

Messrs. UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel. No. : (03) 2279 3088

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
Tel. No. : (03) 2783 9299
Fax No. : (03) 2783 9222
Email : is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

ACE Market of
Bursa Malaysia Securities Berhad
Stock Code : 0293
Stock Name : KJTS
Sector : Industrial Products and Services

EMAIL ADDRESS AND WEBSITE

Email : ir@kjts.com.my
Website : www.kjts.com.my

Leadership

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BOARD OF DIRECTORS

1. **AZURA BINTI AZMAN**
   Independent Non-Executive Chairman
2. **LEE KOK CHOON**
   Group Managing Director
3. **SHELDON WEE TAH POH**
   Group Executive Director
4. **NG KOK KEN**
   Independent Non-Executive Director
5. **ELAINE LAW SOH YING**
   Independent Non-Executive Director
6. **DR. TEOH PEK LOO**
   Independent Non-Executive Director

Board of Directors (Cont'd)

DIRECTORS' PROFILE

AZURA BINTI AZMAN

Independent Non-Executive Chairman

Age

61

Nationality

Malaysian

Gender

Female

Board Meeting Attendance

4/4

Azura Binti Azman ("Puan Azura"), is the Independent Non-Executive Chairman of the Group. She was appointed as our Director and Chairman on 21 November 2022.

As the Independent Non-Executive Chairman, Puan Azura is entrusted with fostering the effectiveness of the Board, championing standards of integrity, probity, and corporate governance across the Group. Her extensive experience and commitment to excellence make her an invaluable asset to the Group.

Puan Azura has over 30 years of broad-based experience in the capital markets and banking industry and her expertise includes corporate banking, institutional sales, equity broking, private equity and business development. Over the course of her career, Puan Azura has helmed senior positions in various financial institutions, including Southern Bank Bhd., Ke-Zan Securities Sdn. Bhd., Crosby Securities (U.K.) Limited, CAV Private Equity Management Sdn. Bhd. and HLG Securities Sdn. Bhd., culminating in her tenure as Head of Group Wholesale Equities at RHB Investment Bank Berhad.

Puan Azura remains an active figure in the capital markets, contributing her expertise to industry development through her involvement in Bursa Securities' Market Participant Committee. Currently, she also sits on the Board of Titijaya Land Berhad, RCE Capital Berhad, and AmanahRaya Investment Management Sdn. Bhd.

Puan Azura holds a Bachelor of Arts (Hons) majoring in Economics and Linguistics from Victoria University of Wellington, New Zealand. She previously held a Capital Markets Services Representative's Licence issued by the Securities Commission for dealing in securities and derivatives.

She has no family relationship with any other Director and/or major shareholder of the Group. She has no conflict of interest with the Group. She has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023. She attended all four (4) Board Meetings which were held in the financial year ended 31 December 2023.

Directors' Profile (Cont'd)

LEE KOK CHOON
Group Managing Director

Age
49

Nationality
Malaysian

Gender
Male

Board Meeting Attendance
4/4

Lee Kok Choon ("Mr Lee"), is our Group Managing Director. He is also a major shareholder of our Company and is part of our Key Senior Management. He was appointed to our Board as Managing Director on 3 June 2022 and has approximately 21 years of experience in the building support services industry. On 1 April 2024, Mr Lee was redesignated to Group Managing Director. He is also the Chairman of the Long-Term Incentive Plan Committee.

Mr Lee holds a Bachelor of Engineering in Mechanical Engineering with 1st Class Honours from Monash University, Australia, in 1999. From his graduation till March 2002, he served in short stints with several companies to gain exposure in the engineering industry.

Mr Lee started his career in the cooling energy industry when he joined KJ Engineering Sdn. Bhd. ("KJ Engineering") as a Contract Project Engineer in March 2002. He was responsible for overseeing all project tenders, in terms of design, proposal, project procurement, and also monitoring the cost of secured projects. In July 2003, he was promoted to Operation and Maintenance Manager for a major shopping mall in the Klang Valley, to oversee the whole project's operations and maintenance. This project was marked as KJ Engineering's first energy performance contract. He was later promoted to General Manager of Facilities Management in July 2008 where he was responsible for overseeing the overall business unit for the facilities management division. In May 2009, he was promoted to Chief Operating Officer where he managed the daily business operations of the company, working closely with department heads and supervisors to support the day-to-day activities of employees.

Thereafter, Mr Lee together with Sheldon Wee Tah Poh, our Group Executive Director, subscribed for equity interest of 30.00% in KJ Technical Services Sdn. Bhd. ("KJ Technical Services") in October 2012 and subsequently acquired the remaining 70.00% equity interest from KJ Engineering and Dalkia Technical Services Sdn. Bhd. in April 2013. Mr Lee was then appointed as the Managing Director of KJ Technical Services in May 2013, where he was responsible to oversee the company's business operations, liaise with stakeholders, drive company growth, and responsible for the overall performance of the business. Subsequently, he and Sheldon Wee Tah Poh, through KJ Technical Services, acquired the entire equity interest in KJ Engineering from Dalkia Asia Pte. Ltd., in December 2014, through a management buyout.

In July 2017, Mr Lee was appointed as an Executive Director of Sin Heng Chan (Malaya) Berhad when the company subscribed for equity interest of 25.00% in KJ Technical Services from him and Sheldon Wee Tah Poh. The acquisition was believed to be able to bring opportunities to the expansion of cooling energy business of KJ Technical Services with Sin Heng Chan (Malaya) Berhad, due to the latter's reputation and business diversification into the cooling energy industry in 2017. Subsequently in June 2019, he and Sheldon Wee Tah Poh re-acquired their initial 25.00% equity interest in KJ Technical Services from Sin Heng Chan (Malaya) Berhad, and Mr Lee subsequently resigned as Executive Director of Sin Heng Chan (Malaya) Berhad in August 2019.

He was instrumental in charting the strategic business growth and development of the Group including the expansion of our business operations to Singapore and Thailand.

He is responsible for the overall performance of our Group's business by driving business growth, overseeing our Group's business operations, supervising head of departments, planning, formulating and implementing our Group's strategies. He is also a director of other private limited companies.

He has no family relationship with any other Director and/or major shareholder of the Group. He has no conflict of interest with the Group. He has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023. He does not hold any directorship in other public companies and listed issuers. He attended all four (4) Board Meetings which were held in the financial year ended 31 December 2023.

Directors' Profile (Cont'd)

SHELDON WEE TAH POH
Group Executive Director

Age
48

Nationality
Malaysian

Gender
Male

Board Meeting Attendance
4/4

Sheldon Wee Tah Poh ("Mr Wee"), is our Group Executive Director. He is a major shareholder of our Company and is part of our Key Senior Management. He was appointed to our Board as Executive Director on 3 June 2022. He has approximately 24 years of experience in the building support services industry. On 1 April 2024, Mr Wee was redesignated to Group Executive Director.

Mr Wee holds a Bachelor of Business majoring in Marketing and Information Technology from the University of Technology, Sydney, in 1999. He began his career as a Marketing Executive in 1999, with PWB (M) Sdn. Bhd., a cleaning company founded by his father. He was promoted to Marketing Manager in 2003 and to General Manager in 2004, where he was responsible for overseeing the entire business operation of the company. Over the years, he contributed significantly to the expansion and diversification of PWB (M) Sdn. Bhd. from a cleaning services company specialising in transportation infrastructure to other sectors across Malaysia.

In September 2006, he acquired 20.00% equity interest in KJM Utilities Sdn. Bhd. (a former subsidiary of KJ Engineering which was wound up in April 2015) and was appointed as Director. In July 2013, he resigned as Director of KJM Utilities Sdn. Bhd.

He was appointed as Managing Director of PWB (M) Sdn. Bhd. in 2012, when OCS Group International Limited, a global facilities management company acquired 80.00% equity interest in PWB (M) Sdn. Bhd. Concurrently, he was also appointed as Non-Executive Director of OCS Group Singapore Pte. Ltd., an integrated facility services company providing cleaning and facilities management services.

Mr Wee together with Mr Lee, our Group Managing Director, initially subscribed for equity interest of 30.00% in KJ Technical Services in October 2012 and he was appointed as a Director of the company. He and Mr Lee then acquired the remaining 70.00% equity interest in KJ Technical Services from KJ Engineering and Dalkia Technical Services Sdn. Bhd. in April 2013. Subsequently, through KJ Technical Services, they acquired the entire equity interest in KJ Engineering from Dalkia Asia Pte. Ltd. in December 2014 through a management buyout.

In 2015, he was appointed as the Managing Director of OCS Group Singapore Pte. Ltd. In 2017, he resigned as the Managing Director and became the Non-Executive Chairman of both PWB (M) Sdn. Bhd. and OCS Group Singapore Pte. Ltd. till 2018 when he disposed of all his remaining 5.00% equity interest in PWB (M) Sdn. Bhd. and left the said companies. Thereafter, he was appointed as the Executive Director of KJ Technical Services and its group of companies in April 2019.

Mr Wee was appointed as Executive Director of Sin Heng Chan (Malaya) Berhad in June 2018 after Sin Heng Chan (Malaya) Berhad acquired 25.00% equity interest in KJ Technical Services from him and Mr Lee. The acquisition was believed to bring opportunities to the expansion of cooling energy business of KJ Technical Services with Sin Heng Chan (Malaya) Berhad due to the latter's reputation and business diversification into the cooling energy industry in 2017. Both of them, re-acquired their initial 25.00% equity interest in KJ Technical Services from Sin Heng Chan (Malaya) Berhad in June 2019, and Mr Wee subsequently resigned as Executive Director of Sin Heng Chan (Malaya) Berhad in August 2019.

His 24 years of experience in the building support services industry, has provided Mr Wee with the necessary skills set to bring businesses together, which contributed significantly to our Group's expansion to Singapore and Thailand.

Mr Wee is responsible for formulating business plans, directing organisational strategy, business development, expansion and overseeing our Group's marketing and communications direction, developing organisational culture, as well as overseeing day-to-day activities, reporting on revenue, improving performance and assisting in managing the corporate finances of our Group.

He has no family relationship with any other Director and/or major shareholder of the Group. He has no conflict of interest with the Group. He has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023. He does not hold any directorship in other public companies and listed issuers. He attended all four (4) Board Meetings which were held in the financial year ended 31 December 2023.

Directors' Profile (Cont'd)

NG KOK KEN

Independent Non-Executive Director

Age

50

Nationality

Malaysian

Gender

Male

Board Meeting Attendance

4/4

Ng Kok Ken ("Mr Ng"), is our Independent Non-Executive Director. He was appointed to our Board on 21 November 2022. He is also the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee, Nominating Committee and Long-Term Incentive Plan Committee.

Mr Ng holds a Bachelor of Commerce in Accounting and Finance from Monash University, Australia, in 1996. He has been a member of the Malaysian Institute of Accountants since July 2014, a member of the Chartered Accountants Australia and New Zealand since June 2000, and he advanced to the status of Fellow since March 2021. He is also a former holder of a Capital Markets Services Representative's Licence issued by the Securities Commission Malaysia for providing investment advice and dealing in securities.

Mr Ng began his career with KPMG Malaysia as an Audit Assistant in the audit department in February 1997, and was promoted to Audit Senior and held the position till he left in May 2000. He joined Pilecon Engineering Bhd. as an Accountant of the property division in June 2000, where he was responsible for the implementation of a new computer system for Pilecon Engineering Bhd.'s group of companies, and financial management of a few property development projects. He then left Pilecon Engineering Bhd. and joined CIMB Investment Bank Berhad as a Corporate Finance Executive in September 2000, and was subsequently promoted to Manager in the corporate finance department in January 2004 where he was primarily involved in initial public offering exercises and merger and acquisition exercises.

Mr Ng left CIMB Investment Bank Berhad in May 2006, and joined ZJ Advisory Sdn. Bhd. as an Associate Consultant from June 2006 to April 2008 in the corporate finance team where he was involved in the origination, structuring and valuation of corporate finance deals and he was subsequently transferred to the equity market team which involved promoting his clients to the investment community. In May 2008, he joined AmInvestment Bank Berhad as Associate Director of Equity Capital Market. His main responsibilities included evaluating clients' businesses and conducting detail study on the clients' financial position, providing ideas for exit route and pitching for new placement and initial public offering jobs. He left his position as Director of Equity Capital Market of AmInvestment Bank Berhad in September 2011.

In September 2011, Mr Ng through Salient Realty Sdn. Bhd., a consulting firm set up by him and 3 other partners, entered into a business contract for a period of 3 years with Iskandar Waterfront Sdn. Bhd. ("IWSB") for the provision of development expertise and corporate finance services for IWSB's group of companies. Pursuant to the business contract, he was engaged in dual roles, as General Manager of Corporate Strategic Planning for IWSB and as Finance Director of Riverside Terra Sdn. Bhd., a wholly-owned subsidiary of IWSB. His main responsibilities included coordinating on the initial public offering of IWSB's group of companies, securing financing for various projects, and applying for government grants through the Public Private Partnership Unit (UKAS).

After the business contract with IWSB ended in September 2014, Mr Ng was engaged as an Advisor/Consultant to various clients where the projects ranged from reverse takeover, fund raising and establishing a new line of business. In April 2018, he joined Tarim Capital Sdn. Bhd. as the Chief Financial Officer where his roles included evaluating the feasibility of various projects, structuring joint venture deals, and to execute those projects. Concurrently in June 2021, he joined Farmedic Biotech Sdn. Bhd. as Project Director where he was responsible for the daily operation and corporate related sales for various products that help the agriculture industry.

He has no family relationship with any other Director and/or major shareholder of the Group. He has no conflict of interest with the Group. He has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023. He does not hold any directorship in other public companies and listed issuers. He attended all four (4) Board Meetings which were held in the financial year ended 31 December 2023.

Directors' Profile (Cont'd)

ELAINE LAW SOH YING
Independent Non-Executive Director

Age
46

Nationality
Malaysian

Gender
Female

Board Meeting Attendance
4/4

Elaine Law Soh Ying ("Ms Law"), is our Independent Non-Executive Director. She was appointed to our Board on 21 November 2022. She is also the Chairman of the Remuneration Committee, and a member of the Audit and Risk Management Committee and Nominating Committee.

Ms Law holds a Bachelor of Law from the University of Leicester, United Kingdom, in 2000. She then undertook the professional law course in Malaysia from September 2000 till June 2001 and later obtained the Certificate in Legal Practice from the Legal Profession Qualifying Board Malaysia in March 2002. In September 2001, she returned to the University of Leicester, United Kingdom to pursue her Master of Laws (in International Commercial Law) ("LLM") and completed the same in September 2002. She was awarded the degree in LLM in January 2003.

On completion of the LLM, Ms Law commenced her pupillage with Messrs Raja, Darryl & Loh in October 2002 and thereafter was admitted as an Advocate and Solicitor of the High Court of Malaya in September 2003. She is also a Certified Professional Coach after having completed a coach training program accredited by the International Coaching Federation with Corporate Coach Academy, Malaysia in 2021 and is also an Associate Certified Coach (ACC) credentialed by the International Coaching Federation since 2021.

On completion of her pupillage, she joined Messrs Zain & Co as a Legal Associate in September 2003 where she was involved in civil litigation and arbitration matters. She then left Messrs Zain & Co in June 2006 to join Foong & Partners as a Legal Associate in the same month, where she was primarily involved in corporate advisory work.

In December 2006, Ms Law left Messrs Foong & Partners and joined Messrs Azman Davidson & Co as a Legal Associate in January 2007 in the corporate and commercial department. She was promoted to Senior Associate in January 2011, and was subsequently admitted as Partner in January 2012 where she was one of the partners responsible for the corporate and commercial department and intellectual property department of the firm. While in Messrs Azman Davidson & Co., her practice areas encompassed advising on mergers and acquisitions (M&A), joint ventures, shareholders' agreements and foreign investments into Malaysia, as well as various commercial contract drafting. She was also involved in advising on initial public offering exercises on Bursa Securities and acting as Malaysian counsel in initial public offering exercises on the Singapore Exchange. In the intellectual property practice area, she has provided advisory work relating to intellectual property laws and assisted clients in trademark registration.

In June 2021, Ms Law left Messrs Azman Davidson & Co and joined Messrs Law Kuan Yew & Co as a Partner in July 2021 where she currently specialises in the practice areas of corporate and commercial law and intellectual property law, particularly on trademark advisory and registration.

In October 2020, Elaine set up a sole proprietorship business, namely Emerging Leaders Coaching & Consulting which specialises in coaching, training and consulting but has not commenced the business.

In September 2023, Elaine was appointed as the Independent Non-Executive Director of Kucingko Berhad (formerly known as Kucingo Sdn. Bhd.).

She has no family relationship with any other Director and/or major shareholder of the Group. She has no conflict of interest with the Group. She has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023. She attended all four (4) Board Meetings which were held in the financial year ended 31 December 2023.

Directors' Profile (Cont'd)

DR. TEOH PEK LOO
Independent Non-Executive Director

Age
48

Nationality
Malaysian

Gender
Male

Board Meeting Attendance
4/4

Dr. Teoh Pek Loo ("Dr. Teoh"), is our Independent Non-Executive Director. He was appointed to our Board in 21 November 2022. He is also the Chairman of the Nominating Committee, and a member of the Audit and Risk Management Committee, Remuneration Committee and Long-Term Incentive Plan Committee.

Dr. Teoh holds a Bachelor of Engineering in Mechanical Engineering from Monash University, Australia, in 1999. He furthered his studies at Monash University where he pursued the Master of Engineering Science till the end of 2000, when he transferred the master programme to the Doctor of Philosophy programme and obtained his Doctor of Philosophy in Engineering Science, in 2004.

Dr. Teoh began his career as a Sales Engineer with Longlife Weld (Kuala Lumpur) Sdn. Bhd. in October 2003 where he was involved in the design and preparation of robotics welding and other automated welding system solutions and proposals. He left Longlife Weld (Kuala Lumpur) Sdn. Bhd. in February 2004, and joined Lintraco (M) Sdn. Bhd. as a Senior Project Development Executive in April 2004, where he was primarily involved in the study of the company's business model and competitive advantage, and the company's business growth with a new product range. He then left in October 2004 and joined Syarikat Ban Lee Machinery Trading as a Sales Engineer in December 2004, where he was responsible for sales, installation and commissioning of semi-automated woodworking machineries and production lines.

In February 2008, Dr. Teoh left Syarikat Ban Lee Machinery Trading and joined Swisslog Malaysia Sdn. Bhd. as a System Designer where he was involved in the calculation, layouting, pricing and proposal support for the lead designer or consultant for the sales of the fully automated logistics warehouse solutions for clients in Southeast Asia. He was later promoted to Consultant in June 2010 where his functions included providing consultancy services to potential clients in designing and implementing fully automated logistics warehouse solutions. Subsequently, he was promoted to System Design and Consulting Manager in January 2014 and Head of System Design and Consulting in March 2017 where he was in charge of the development of the system design and consulting department to support the targeted growth in the Southeast Asia region, and managing and coordinating the overall resources planning to support the sales team. In May 2023, he was redesignated as the Head of Design and Engineering Department pursuant to an internal restructuring of Swisslog Malaysia Sdn. Bhd.

He has no family relationship with any other Director and/or major shareholder of the Group. He has no conflict of interest with the Group. He has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023. He does not hold any directorship in other public companies and listed issuers. He attended all four (4) Board Meetings which were held in the financial year ended 31 December 2023.

KEY SENIOR MANAGEMENT TEAM

WONG NAI CHIEN

Group Chief Operating Officer

Age	Gender	Nationality
47	Male	Malaysian

Wong Nai Chien ("Mr Wong"), is the Group Chief Operating Officer and he reports to Lee Kok Choon, our Group Managing Director.

Mr Wong holds a Bachelor of Mechanical Engineering from the University of Malaya, in 2000. He has been a Graduate member of the Institute of Engineers of Malaysia since 2001.

He began his career with Cidar Engineering Sdn. Bhd. as a Project Engineer in April 2000, where he was responsible for assisting in design work of palm oil mills. He left in August 2000 and joined KJ Engineering as a Design and Project Engineer in September 2000. In January 2004, he was promoted to Senior Engineer in the Design and Project Department as the lead engineer in tender and audit exercises, design work, and management of construction and commissioning of cooling systems. Within two years, he was promoted to Contract Manager to head the new Contracts and Procurement Department. Subsequently, Mr Wong was further promoted and assumed the role of Senior Contracts Manager in March 2011, where he was responsible for leading all tender, proposal, costing and procurement of KJ Engineering, till May 2013.

He was later transferred to KJ Technical Services as Senior Contracts Manager in the Contracts and Procurement Department, from May 2013 to December 2017 due to the internal restructuring of our Group.

Mr Wong was next assigned to Sin Heng Chan (Malaya) Bhd. as Senior Contracts Manager in January 2018 where he led the Contracts and Procurement Department after Sin Heng Chan (Malaya) Bhd. acquired 25.00% equity interest in KJ Technical Services. Subsequently in April 2019, he was retransferred to KJ Technical Services as a Senior Contracts Manager when Sin Heng Chan (Malaya) Bhd. disposed of its 25.00% equity interest in KJ Technical Services.

In January 2020, Mr Wong was promoted to Chief Operating Officer of the Group. On 1 April 2024, Mr Wong was redesignated to Group Chief Operating Officer. He is primarily responsible for overseeing the compliance management, procurement, implementation and operation of contract tender, proposals and projects for our Group, as well as monitoring the cost of projects secured.

He does not hold any directorship in other public companies and listed issuers.

He has no family relationship with any other Director and/or major shareholder of the Group. He has no conflict of interest with the Group. He has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023.

SARMILA A/P MUNIANDY

Group Chief Financial Officer

Age	Gender	Nationality
40	Female	Malaysian

Sarmila A/P Muniandy ("Ms Sarmila"), is the Group Chief Financial Officer and she reports to Sheldon Wee Tah Poh, our Group Executive Director.

Ms Sarmila holds a Bachelor Degree in Accounting from Universiti Utara Malaysia, in 2008. She pursued her studies and obtained her Master of Business Administration specialisation in Finance from the University of Southern Queensland, Australia, in 2017. She has been a Chartered Accountant with the Malaysian Institute of Accountants since 2016.

She began her career at M. Guna & Co as an Audit Executive in June 2007, where she was responsible for the audit, accounting, tax and secretarial matters. She left M. Guna & Co in December 2008 and participated in a talent enrichment programme, relating to the conventional banking, investment banking, Islamic banking and insurance/takaful organised by the Asian Banking School in collaboration with the Central Bank of Malaysia, for a one-year period from January 2009 to January 2010. As part of the programme, she served an internship with Tokio Marine Life Insurance Malaysia Berhad for 3 months from November 2009. On completion of her internship, she joined Tokio Marine Life Insurance Malaysia Berhad as an Executive in January 2010 where she was responsible for accounts receivables.

Ms Sarmila left Tokio Marine Life Insurance Malaysia Berhad in May 2011 and thereafter joined KJ Engineering as an Accounts Executive in the Finance Department in the same month. She was initially promoted to Accountant and later to Accounts Manager in December 2011 and in November 2012, respectively. She held this position till April 2013, before she was transferred to KJ Technical Services as Accounts Manager from May 2013 till December 2017, due to an internal restructuring of our Group.

Ms Sarmila was transferred to Sin Heng Chan (Malaya) Berhad as an Accounts Manager in January 2018, after Sin Heng Chan (Malaya) Berhad acquired 25.00% equity interest in KJ Technical Services. Subsequently in April 2019, she was re-transferred to KJ Technical Services as Accounts Manager when Sin Heng Chan (Malaya) Bhd. disposed its 25.00% equity interest in KJ Technical Services.

In October 2022, Ms Sarmila was promoted to Chief Financial Officer of the Group. On 1 April 2024, Ms Sarmila was redesignated to Group Chief Financial Officer. She leads the Finance Department and carries out the corporate reporting and finance functions of the Group.

She does not hold any directorship in other public companies and listed issuers.

She has no family relationship with any other Director and/or major shareholder of the Group. She has no conflict of interest with the Group. She has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023.

Key Senior Management Team (Cont'd)

ADRIAN LIM HOCK HENG

Chief Operations Officer (Projects)

Age	Gender	Nationality
43	Male	Malaysian

Adrian Lim Hock Heng ("Mr Lim"), is the Chief Operations Officer (Projects) of the Group and he reports to Lee Kok Choon, our Group Managing Director.

He holds a Bachelor of Engineering in Electronic Engineering (Communications) from University of Sheffield, United Kingdom, in 2003. He has been a member of the Institute of Electrical Engineers (now known as Institution of Engineering and Technology) since 2003, and a member of the Institution of Engineers of Malaysia since 2020. He is also a Professional Technologist registered with the Malaysian Board of Technologists since April 2022.

Mr Lim began his career at JAT Engineering Sdn. Bhd. as a Sales and Technical Engineer, in September 2003, where he was responsible for sales, technical and project implementation. In April 2004, he left the company and joined CNC Design Sdn. Bhd. in the same month, as Project Engineer, where he was responsible for the management of company projects.

He left CNC Design Sdn. Bhd. in October 2006, and thereafter, he joined KJ Engineering as Project Engineer in November 2006 where he was responsible for technical and engineering aspects of projects assigned to him, as well as, assisting in the implementation of projects secured by KJ Engineering. He was promoted to Senior Project Engineer in January 2010 where he was responsible for the implementation of projects secured by KJ Engineering. In August 2011, he was promoted to Project Manager and subsequently to Senior Project Manager in June 2016, where he was responsible for supervising and overseeing all projects secured by KJ Engineering including cost control. In January 2020, he was promoted to General Manager of KJ Engineering.

In October 2022, Mr Lim was appointed as Head of Project Department of the Group. He is primarily responsible for overseeing the implementation of projects secured by our Group as well as design works.

On 1 April 2024, Mr Lim was promoted to Chief Operations Officer (Projects). Mr Lim is primarily responsible for overseeing the day to day administrative and operational functions of the Group's project and construction initiatives.

He does not hold any directorship in other public companies and listed issuers.

He has no family relationship with any other Director and/or major shareholder of the Group. He has no conflict of interest with the Group. He has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023.

YAP YEW CHEONG

Regional Head of Engineering and Design

Age	Gender	Nationality
48	Male	Malaysian

Yap Yew Cheong ("Mr Yap"), is the Regional Head of Engineering and Design of the Group and he reports to Lee Kok Choon, our Group Managing Director.

Mr Yap holds a Bachelor of Engineering in Mechanical Engineering from Monash University, Australia, in 1999. He has been a member of the Board of Engineers Malaysia since 1999.

He began his career with SMHB Sdn. Bhd. as a Mechanical Engineer in July 1999 where he was responsible for assisting in design work for the water pumping system. He left SMHB Sdn. Bhd. in July 2000 and joined Western Digital (Malaysia) Sdn. Bhd. as a Process Engineer in August 2000 where he was responsible for assembly process optimisation and waste reduction. He left Western Digital (Malaysia) Sdn. Bhd. in March 2002 and joined Johnson & Johnson Sdn. Bhd. as a Project Engineer in March 2002 where he was responsible for floor process optimisation. He left Johnson & Johnson Sdn. Bhd. in August 2002 and subsequently joined S.E.H Malaysia Sdn. Bhd. as an Engineer the following month, where he was responsible for the process involving wafer demounting and edge grinding, and he left the company as a Senior Engineer in November 2008. He moved to Australia at the end of the same year and joined Kraft Foods Inc. as a Process Engineer from February to June 2009 where he was responsible for food and beverage process optimisation.

In July 2009, Mr Yap returned to Malaysia and joined MEMC Electronic Materials Sdn. Bhd. as a Process Engineer in September 2009 till January 2010, where he was responsible for the process involving wafer edge grinding. He took a career break for the remaining year. In January 2011, he joined KJ Engineering as a Senior Engineer, where he was responsible for carrying out energy audit exercises and assisting the operation and maintenance team in technical matters. In January 2012, he was promoted to Engineering Manager of KJ Engineering, a position he holds till today. As Engineering Manager, he is responsible for the setup and implementation of specific procedure and project specification while also assisting in project design coordination.

In October 2022, he was redesignated as Head of Engineering Department of the Group. On 1 April 2024, Mr Yap was redesignated to Regional Head of Engineering and Design. Mr Yap is primarily responsible for managing all energy audit exercises, overseeing design works and providing technical support as well as the testing and commissioning of projects secured by the Group.

He does not hold any directorship in other public companies and listed issuers.

He has no family relationship with any other Director and/or major shareholder of the Group. He has no conflict of interest with the Group. He has no convictions for any offences within the past 5 years (other than traffic offences) or any public sanction or penalty imposed by the regulatory bodies during the financial year ended 31 December 2023.

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CHAIRMAN'S STATEMENT

> This successful listing marks a new chapter for KJTS Group. It is a reflection of the hard work and dedication of our team and the confidence the market has in our vision and strategy.

AZURA BINTI AZMAN
Independent Non-Executive Chairman

I am honoured to present this statement to address the Group's stakeholders in our inaugural Annual Report as a public listed entity. This moment marks a significant milestone in the journey of KJTS Group Berhad ("KJTS"). On 26 January 2024, KJTS was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad, achieving a remarkable 63% premium over the Initial Public Offering ("IPO") price of RM0.27 per share. The listing garnered overwhelming support from investors, with the IPO raising RM58.87 million through a public issue of 218,027,200 new shares, representing 31.69% of our enlarged issued share capital. This achievement underscores our steadfast commitment to fostering sustainable growth, enhancing operational efficiency, and expanding our market presence throughout the last fiscal year.

The journey leading to this moment has been characterised by dedication, perseverance, and unwavering commitment from every member of our team. We humbly acknowledge the trust and confidence our shareholders have placed in us and we pledge ourselves to upholding the highest standards of corporate governance, transparency, and accountability.

Our listing signifies not only a financial milestone but is also a testament to our collective vision for growth and value creation. The access to capital markets enables us to fuel our expansion initiatives and capitalise on emerging opportunities. We remain dedicated to delivering sustainable, long-term value to our shareholders and intend to recommend and distribute a dividend of at least 20% of our annual audited consolidated profit after tax attributable to our shareholders.

STRATEGY FOR RAPID GROWTH

Our strategic initiatives are designed to drive sustainable progress and growth across all facets of our operations. Key initiatives include:

(i) diversifying our business portfolio to reduce risks and expand market opportunities;
(ii) prioritising innovation with big data analytics/artificial intelligence (AI);
(iii) enhancing operational efficiency by continually improving our value chain to optimise resources and reduce costs;
(iv) fostering customer-centricity to respond to evolving market needs and build long-term relationships; and
(v) investing in enhancing our services and processes to gain a competitive edge. As a result, the Group achieved a record-breaking profit after tax of RM7.3 million for the financial year ended 31 December 2023 ("FYE 2023"), driven by revenue of RM119.9 million.

Chairman's Statement (Cont'd)

OUR ACHIEVEMENTS

During our 40-year history, our Company has grown significantly. We initially expanded our Cooling Energy Segment in 1984 through KJ Engineering Sdn. Bhd., and later ventured into Singapore with the acquisition of KJ FEM Pte. Ltd. in 2019. Subsequently, in 2021, we further expanded our Cooling Energy Segment into Thailand through KJTN Engineering Co., Ltd. Today, leveraging our in-house engineering capabilities, we cover the entire lifecycle of cooling energy systems, from conceptualisation to operations and maintenance.

Our commitment to excellence extends beyond technical expertise and we recognise the growing importance of Environmental, Social, and Governance ("ESG") considerations. By addressing various ESG considerations, particularly carbon emissions reductions, we are dedicated to helping our clients to achieve their ESG goals. Together, we work to contribute to a more sustainable future.

> "Our commitment to excellence extends beyond technical expertise"

Operating in multiple countries expands our market reach, reducing risks associated with localised economic downturns. Our experienced leadership provides valuable guidance, while our management team ensures operational excellence and successful implementation of strategic initiatives.

IPO MILESTONE FOR GROUP AND SHAREHOLDERS

The recent IPO milestone affirms our Group's growth trajectory and market potential. It opens up new growth avenues, provides essential capital for strategic initiatives, and enhances our visibility amongst investors. For our valued shareholders, this moment presents an opportunity to realise value and capitalise on future prospects.

Central to our go-forward roadmap is the sustained growth of KJTS Group. To facilitate this, we intend to expand our Cooling Energy Segment in Malaysia and a portion of the IPO proceeds will be allocated to these expansion efforts.

Beyond financial metrics, the IPO underscores our unwavering commitment to transparency, robust governance, and accountability. These principles position us to deliver sustainable value to all stakeholders-investors, clients, employees and the broader community.

THE WAY FORWARD

As we embark on this new chapter, we recognise the dynamic business landscape and the potential challenges it entails. Our Company, like others in our industry, faces various challenges, including macroeconomic challenges in Malaysia, Singapore and Thailand. To meet evolving market needs, we will continue to stay abreast of industry developments and customer preferences, invest in research and development, and capitalise on emerging opportunities.

CONCLUSION

Looking ahead, we remain steadfast in our commitment to executing our strategic priorities, fostering operational excellence, and nurturing a culture of innovation and collaboration. As we navigate the opportunities and challenges that lie ahead, we are confident that our collective efforts will enable us to realise our vision and create enduring value for all stakeholders.

At the heart of our success are our people – our most valuable asset. I extend my heartfelt gratitude to our dedicated employees for their unwavering dedication, passion, and hard work. I would also like to express my profound appreciation to our shareholders, customers, partners, and other stakeholders for their continued support and trust, driving us to continually raise the bar higher and exceed expectations. Here's to a successful 2024.

AZURA BINTI AZMAN
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The positive response from investors underscores the market's confidence in KJTS Group's capabilities and its commitment to forging a sustainable and energy efficient future.

LEE KOK CHOON
Group Managing Director

OVERVIEW

Our Company was incorporated in Malaysia under the Companies Act 2016 on 3 June 2022 as a private limited company under the name of KJTS Group Sdn. Bhd. Subsequently, on 3 November 2022, we were converted into a public limited company and assumed our present name, KJTS Group Berhad. Our Company was incorporated to facilitate the Listing.

Listed on the ACE Market of Bursa Malaysia Securities Berhad on 26 January 2024, KJTS Group Berhad is principally an investment holding company. Through our subsidiaries, we are primarily involved in providing building support services comprising cooling energy, cleaning and facilities management ("FM") services.

Below table presents our Group's financial results for the financial years ended 31 December 2020 to 2023:

	2020 RM ('000)	2021 RM ('000)	2022 RM ('000)	2023 RM ('000)
Revenue	73,757	85,285	94,438	119,904
Gross Profit	11,956	19,976	22,732	27,619
Profit Before Tax	6,604	7,523	8,721	9,001
Profit attributable to owners of the Company	5,392	5,910	6,866	8,123

Our Cooling Energy Segment comprises cooling energy management services and engineering, procurement, construction and commissioning ("EPCC") including new, retrofitting and/or upgrading of cooling energy systems. Our cleaning services are focused on ensuring the cleanliness, tidiness and hygiene of buildings and facilities. Our FM services are focused on the repair and maintenance of mechanical and electrical machinery and equipment, process utilities including plumbing, drainage and sewerage, and food and beverage and retail outlet equipment.

Our customers comprise (i) ultimate decision-makers and users of our services such as property owners and developers, and business operators who either own or lease the property or facilities that they are using; and (ii) intermediaries such as main contractors, concession holders and equipment suppliers.

Our business operations

Malaysia is our largest market, having accounted for 77.50% of our total revenue for FYE 2023. Singapore is our largest foreign market as it accounted for 20.33% of our total revenue for FYE 2023. We commenced business operations in Thailand in FYE 2021, which accounted for 2.17% of our total revenue for FYE 2023.

Management Discussion and Analysis (Cont'd)

FINANCIAL REVIEW

Revenue

Our main revenue streams stem from building support services. For FYE 2023, our total revenue increased by RM25.46 million or 26.96% to RM119.90 million in FYE 2023 (FYE 2022: RM94.44 million). This was mainly contributed by the growth from our cleaning and cooling energy services. Within the building support services, the Cooling Energy Segment was our largest revenue contributor having accounted for 46.68% of our total revenue for FYE 2023, compared to 46.33% for FYE 2022. This was mainly due to higher EPCC activities from our-going projects as compared to previous year.

This was followed by the cleaning services which accounted for 41.63% of our total revenue for FYE 2023, from 37.91% for FYE 2022. This was mainly due to increased cleaning activities with new and existing clients.

As for facilities management segment, revenue contribution accounted for 11.69% of our total revenue for FYE 2023, 4.08% lower than the previous year. This is due to changes in the scope of services provided to customers. Additionally, two contracts expired in November 2022 and July 2023 respectively and were not renewed for static FM services. This decrease was partially offset by increased revenue from mobile FM services, primarily due to new contracts secured that commenced during FYE 2023.

Profits

Our total gross profit increased by RM4.89 million or 21.51 % to RM27.62 million in FYE 2023 (FYE 2022: RM22.73 million), in line with the increase in revenue in FYE 2023 as explained above. However, this was partially moderated by the increase in labour costs mainly attributed to number of mobile FM technical staff was higher in FYE 2023.

Profit before tax increased by RM0.28 million or 3.21% year over year (YoY) to RM9.00 million (FYE 2022: RM8.72 million). Despite the increase in gross profit by RM4.89 million, administrative expenses also increased by RM4.74 million, attributed to higher staff costs, rental expenses, IT expenditures, and depreciation of property, plant, and equipment, which contributed to the small increase in profit before tax. This is in line with the Group's strategic plan to position itself for growth in the upcoming financial years.

As a result, profit after tax after non-controlling interests increased by RM1.25 million or 18.20% year over year (YoY) to RM8.12 million (FYE 2022: RM6.87 million).

Exchange translation differences for foreign operations increased by RM0.24 million or 109.09% to RM0.46 million in the FYE 2023 (FYE 2022: RM0.22 million), this is due to the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from the Group's presentation currency.

Capital Management and Balance Sheet

As at 31 December 2023, the Group's cash and cash equivalents stood at RM11.62 million, reflecting a RM3.81 million or 48.78% year-over-year increase compared to RM7.81 million as at 31 December 2022. The increase in net cash from operating activities is mainly driven by a decrease in concession receivables resulting from repayments by concession customers. Additionally, there was an increase in other payables due to accrued costs for EPCC projects.

Additionally, there was an increase in net cash from financing activities mainly due to proceeds from issuance of shares, which was from share subscription by its pre-initial public offering investor.

The Group's total bank borrowings decreased by RM0.57 million or 12.03% to RM4.17 million in FYE 2023 (FYE 2022: RM4.74 million). The Group's gearing ratio decreased to 0.08 times in FYE 2023 (FYE 2022: 0.13 times) mainly due to an increase in equity from share subscription by its pre-initial public offering investor and higher retained earnings.

The Group's current assets in FYE 2023 expanded by 36.28% due to higher trade receivables, other receivables and contract assets. Concurrently, current liabilities increased by 9.47%. The increases in current assets and current liabilities were in line with the increase in revenue. The Group's current ratio was 2.35 times in FYE 2023, while net assets per share stood at 7.27 sen.

Dividend

The Board of Directors has approved a dividend payout policy of at least 20% of our annual audited consolidated PAT attributable to our shareholders. For FYE 2023, the Board is proposing a first and final dividend of 0.236 sen per ordinary share amounting to approximately RM1.62 million, which is subject to shareholders' approval at the 2nd Annual General Meeting to be held on 7 June 2024. The Group recognises the importance of managing an optimal capital structure to secure ample funds for navigating uncertainties, while leveraging on internal funds and bank borrowings to support growth and capital expenditures.

Management Discussion and Analysis (Cont'd)

Known Trends and Event

Our operations have remained largely unaffected by several factors in FYE 2023. These include known trends, commitments, or uncertainties that could potentially impact our financial performance, operations, liquidity, and capital resources. Moreover, there have been no unusual events or transactions, or significant economic changes that have materially affected our Group's financial performance, except as disclosed in the financial review under the Management Discussion and Analysis ("MD&A"). Additionally, we have identified certain risks detailed in our business and operational risks of the MD&A that could influence our future financial condition and operational results. Notwithstanding these potential risks, the Group maintains a cautious yet optimistic outlook on future prospects. We are committed to implementing proactive measures to bolster our operations. Furthermore, we will persist in leveraging our robust relationships and network to expand and diversify our customer base.

COMPETITIVE STRENGTHS

We believe that our business sustainability and future growth is built on our key competitive strengths:

(i) Track record across Malaysia, Singapore and Thailand

With a track record of 40 years, our business of Cooling Energy Segment commenced in 1984 through KJ Engineering Sdn. Bhd. In addition, we expanded our cleaning services segment into Singapore when we acquired the entire equity interest in KJ FEM Pte. Ltd. in 2019 as well as expanded our Cooling Energy Segment into Thailand through KJTN Engineering Co., Ltd. in 2021.

(ii) Cross-selling of synergistic building support services to customers

We have synergistic building-related services including EPCC and management of cooling energy systems, and provision of cleaning and FM services. Our value-added services support the operations of our customers such as lifecycle asset management of machinery and equipment.

Our synergistic services are essential for the proper functioning of a range of buildings, including commercial properties, manufacturing factories and institutions like universities and hospitals. We have successfully carried out cross-selling in the three main services.

(iii) In-house engineering capability supports cooling energy system lifecycle

Our engineering capability supports the cooling energy system lifecycle, from energy audit, initial conceptualisations, engineering and design phase, to construction and installation, as well as operations and maintenance.

Our in-house engineering services provide a platform for business and financial sustainability to pursue business and geographic expansion.

(iv) Our cooling energy services enhance the awareness of Environmental, Social, and Governance ("ESG")

We believe that ESG awareness is growing in Malaysia, and in other countries like Singapore and Thailand. This includes reduction of carbon dioxide ("CO_2") emissions (carbon footprint), and reduces electricity consumption, to mitigate climate change.

Our value proposition to customers is that we help reduce electricity consumption with our cooling energy management services, and EPCC of cooling energy systems contribute to ESG efforts by reducing CO_2 emissions.

(v) Our business operations in Malaysia, Singapore and Thailand drive business growth and market diversification

Business operations in Malaysia, Singapore and Thailand include our full range of building support services. It expands our market size for business growth and provides mitigation against the risk of a business downturn in any particular country.

(vi) Recurring revenue and long-term contracts provide continuous revenue streams

Our strong recurrent revenue stream will generate funds for business and financial sustainability, and consequently pursue further business and geographic expansion to drive business growth.

We have entered into long-term contracts ranging from 5 to 20 years for the provision of cooling energy management, cleaning and FM services. These long-term contracts provide assurance of revenue streams and business continuity with our customers for the contract duration. This will sustain business growth, and market expansion and diversification.

(vii) Central command centre ("CC") allows remote monitoring of cooling energy systems

Our CC allows 24 hours per day, 7 days per week ("24/7") monitoring and oversees operations at linked client sites throughout Malaysia and Thailand. It also detects abnormal system performance through big data analytics and alerts on-site personnel to take remedial actions when necessary. This additional layer of monitoring and overseeing ensures the efficient, effective and safe operation of cooling energy systems.

In some situations, our CC can even remotely operate on-site machinery and equipment, if needed.

GEOGRAPHICAL MARKETS

Malaysia

Malaysia was our largest overall market during FYE 2023. For FYE 2023, our revenue from Malaysia increased by RM21.90 million, or 30.84% to RM92.92 million (FYE 2022: RM71.02 million). This was due to increases in revenue from cleaning and cooling energy services.

Singapore

Singapore was our largest foreign market during FYE 2023. For FYE 2023, our revenue from Singapore increased by RM5.48 million, or 29.01% to RM24.37 million (FYE 2022: RM18.89 million), due to revenue from new customers and increases in revenue from existing customers due to additional services provided and stores covered.

Thailand

We incorporated KJTN Engineering in Thailand on 18 January 2021 and commenced business in the same year when it secured the contract to retrofit a chiller plant and subsequently provide cooling energy management services for a mixed commercial and residential development in Bangkok, Thailand ("Bangkok Mixed Development CEMS"). The contract commenced in FYE 2021 with retrofitting revenue of RM5.73 million.

Our revenue from Thailand decreased by RM1.92 million, or 42.38% to RM2.61 million in FYE 2023 (FYE 2022: RM4.53 million), due to lower revenue from the Bangkok Mixed Development CEMS Contract as revenue in FYE 2023 was mainly from the supply of chilled water and operations and maintenance services, whereas revenue in FYE 2022 included the remaining revenue from the retrofit portion of the contract.

Management Discussion and Analysis (Cont'd)

OUR BUSINESS AND OPERATIONAL RISKS

To ensure value for stakeholders is maintained, the Group continuously assesses the prevailing business risks and takes proactive measures to mitigate the potential threats and disruption to our business. In the Group's business, there are primary risks which may affect the Group's financial performance hence we have taken the necessary measures to mitigate the risks.

i. Our business depends on securing new contracts to grow our business

Our EPCC business for cooling energy systems is project-oriented, and we cannot guarantee ongoing success in securing new projects, especially under commercially favorable conditions. Not obtaining contracts in a timely manner could negatively impact our financial health and business growth. Additionally, our business relies heavily on recurring revenue contracts for providing cooling energy management, cleaning, and facility management services. Failure to acquire new recurring revenue contracts could also harm our financial performance and growth prospects.

To sustain and grow our business, it is crucial to consistently secure significant projects. As part of our risk mitigation strategy, we have expanded our operations to Singapore and Thailand, with plans to further expand in Malaysia. Our strategic focus is on consistently securing major projects.

ii. Our recurrent and lump sum project-based revenue contracts may be terminated early

Our recurrent revenue ongoing contracts for providing cooling energy management, cleaning, and facility management services, as well as our existing EPCC contracts for cooling energy systems, could be concluded earlier than the planned expiration date. These contracts are subject to early termination through a formal notification process or other means due to default, significant non-performance, financial instability of a customer, court directives, or by mutual consent. Terminating a contract ahead of schedule could lead to lost potential revenue and profits, potentially affecting our financial results negatively compared to fulfilling the contract to its original end date.

Additionally, contracts for cooling energy management services, where we have either fully or partially funded the construction, upgrade, or retrofitting of cooling systems, might be terminated early-before we have managed to cover our initial capital outlay through repayments. To mitigate this risk, we have included a clause requiring customers to pay a specified amount if they terminate the contract earlier than its original end date.

iii. Our business and financial performance may be affected by decreases in electricity tariffs

As of the end of financial year 2023, we have 8 subsisting contracts for cooling energy management services. 6 of these are currently operational, and 2 are confirmed but awaiting the start of chilled water supply. These contracts involve the operation and maintenance of District Cooling Systems ("DCS") or chiller plants to produce chilled water.

Should there be a reduction in the current electricity tariff, it would lead to a proportional decrease the value of the chilled water tariff or the fixed monthly charges. This is due to the price adjustment mechanism in our contracts, which ties these charges to a fixed percentage of the prevailing electricity tariff. Consequently, a drop in electricity tariffs could reduce the revenue we earn from these contracts.

A decrease in the chilled water tariff or fixed monthly charges could also lower our gross profit, potentially impacting on our financial performance negatively.

In our past and subsisting contracts, we have never encountered decrease in electricity tariff.

Conversely, an increase in electricity tariffs wouldn't pose a risk since the price adjustment mechanism in our contracts would automatically lead to a corresponding rise in the chilled water tariff or fixed monthly charges. This adjustment allows us to pass the increased electricity costs onto our customers, ensuring that our financial performance is not adversely affected.

Management Discussion and Analysis (Cont'd)

iv. The actual operating costs of generating chilled water may be higher than the chilled water tariff or fixed monthly charges

We currently have 8 subsisting cooling energy management service contracts, of which 6 are on-going and 2 are set to begin soon. Under these contracts, we cover the operating costs of generating chilled water such as electricity, water, staff, and maintenance of the cooling systems. There is a risk that these costs could exceed our initial estimates, potentially squeezing our profit margins or causing losses if they surpass the income from fixed charges or tariffs. This could happen due to material errors in our cost calculations, inefficiencies in the cooling energy systems leading to higher usage of resources, or unexpected rises in maintenance and equipment costs. If these costs are higher but still within the tariff or fixed charges, our profits could still be lower, negatively impacting our financial performance over time. The contract with the longest duration among these ends on 31 July 2038.

None of these 8 contracts allow for adjustments to the tariffs or charges if operating costs end up higher than expected, nor do they permit us to terminate the contracts on these grounds. While we can try to renegotiate these terms, there is no certainty that customers will agree to increase the rates or that such increases will cover the unexpected costs. Failing to meet our supply commitments could lead to claims for damages from our customers, legal actions, or damage to our reputation.

To minimise this risk, we have invested in more efficient technologies and optimise the operation of the cooling systems via our CC which allows 24/7 monitoring and oversees operations at linked client sites. Also, we have regular training for staff on the latest efficiency practices and technologies that can help to minimise operational costs.

During the FYE 2023, the actual operating costs for producing chilled water under our 6 subsisting and on-going cooling energy management service contracts were below the current chilled water tariff and fixed monthly charges.

v. Our business and financial performance may be affected by increases in the costs of new construction, retrofitting and/or upgrading cooling energy systems

We are involved in the new construction, retrofitting, or upgrading of cooling energy systems through our EPCC projects and some cooling energy management services contracts where we wholly or partially finance the new construction or upgrading and/or retrofitting of cooling energy systems. Our business and financial results could be impacted if the costs for new construction, retrofitting, or upgrading cooling energy systems increase. Higher expenses in these areas could reduce our profitability and overall financial performance.

Increases in costs may stem from higher labor, materials, equipment, subcontractor fees, and overheads. To mitigate this risk, we estimate these costs based on current and past prices, anticipated increases, currency fluctuations, and contingencies.

vi. Our business and financial performance may be affected if there are delays in completing EPCC projects

We need to adhere to specific timelines and milestones for our EPCC projects involving cooling energy systems. If we fail to meet these deadlines, it can lead to several issues such as delayed revenue recognition, increased project costs, damage to our reputation, financial penalties from clients, and possibly a reduction or revision of our work on the project, which would decrease the revenue we generate from these projects.

Failure to meet the project implementation timeline may be due to factors such as, amongst others, unforeseen issues with site conditions, delays by other contractors involved in the project resulting in late handover of the site to us, unforeseen issues relating to engineering, safety or site conditions, delays in delivery of cooling energy system machinery and equipment, shortages of labour, adverse weather conditions, failure of our sub-contractors to meet their obligations, delay in receipt and/or renewal of requisite licences, permits and approvals, and adverse changes to government policies such as changes to foreign labour policies.

To mitigate this risk, we implement strong project management practices to improve the efficiency of operations. This includes effective scheduling to avoid delays, regular monitoring of budget versus actual costs, and agile management practices to adapt quickly to changing conditions.

Management Discussion and Analysis (Cont'd)

OUR BUSINESS AND OPERATIONAL RISKS (Cont'd)

vii. Navigating liquidity risk in capital allocation for cooling energy systems

We are exposed to liquidity risk, particularly when allocating capital to wholly or partially finance the new construction, upgrading, or retrofitting cooling energy systems. Our financial model depends on our customers making steady, fixed monthly payments over an agreed period to reimburse the capital we've invested. There is a risk that these customers may fail to make the payments as scheduled, which could necessitate us to impair the value of the outstanding receivables from these customers. Such scenarios could negatively impact our financial results. In addition, although we had positive net cash flow in FYE 2023, there can be no assurance that we will not have negative net cash flows and consequently no assurance that we will not be subject to liquidity risk in the future.

To reduce this risk, we conduct thorough credit checks and assessments of potential customers' financial stability. This can help to identify risks early and avoid contracts with high-risk parties. Other than that, we also implement robust monitoring systems to regularly review the status of receivables to prevent long-term receivables accumulation.

FUTURE PROSPECTS

In our journey since inception, KJTS Group has been unwavering in our commitment to meeting the evolving needs of our loyal clientele while eagerly embracing opportunities to welcome new partners into our fold. This steadfast dedication has propelled us to expand our market presence and cater to a diverse array of customers.

The launch of the National Energy Transition Roadmap ("NETR") by the Government of Malaysia aims to tackle climate change and establish a resilient, sustainable energy infrastructure. The NETR lays out a strategic path for Malaysia to navigate the intricate energy shift, unlocking opportunities for a lucrative green economy. The Government views Energy Efficiency ("EE") as one of the primary levers of NETR, seen as a pivotal tool to drive resource optimisation and provide a cost-effective, sustainable solution for reducing energy consumption. We anticipate an increase in demand for our cooling energy management services, critical for optimising resources and aligning with the objectives of the NETR.

We are planning to enhance our cooling energy management services in Malaysia by allocating additional funds to finance the EPCC of cooling energy systems for eligible customers. Our skilled in-house team will handle the EPCC work, followed by deployment of personnel for ongoing operation and maintenance. We have set aside RM40.42 million, roughly 68.66% of our IPO proceeds, for expanding our Cooling Energy Segment in Malaysia. Additionally, we are looking to expand or upgrade our offices in Malaysia, Singapore, and Thailand, where we are currently active.

We understand the critical importance of sustainability and have integrated ESG principles into our operations to bolster our competitive position, navigate challenges, and ensure long-term sustainability. Through rigorous assessments and a well-defined sustainability framework, we have implemented initiatives aimed at transitioning to low carbon and energy efficient practices.

Demonstrating our dedication to our workforce, we have made significant strides in cultivating a harmonious and inclusive workplace. Furthermore, we uphold ethical standards with a zero-tolerance stance on bribery and corruption, solidifying our reputation as a trustworthy and accountable organization.

Recognising the importance of expertise in driving growth, we leverage our proficiency in building support services, particularly in the cooling energy management segment. This expertise grants us a competitive advantage, providing valuable job references and experience for future development endeavors. Additionally, our establishment of enduring partnerships with customers sets a promising trajectory for the future.

At KJTS Group, we remain focused on enhancing our service portfolio, optimising project processes, and ensuring customer satisfaction, positioning us to capitalise on the burgeoning opportunities within the dynamic Malaysian energy optimisation landscape.

THANK YOU

This landmark year for KJTS Group has only been made possible with team effort. I would like to express my heartfelt thanks to the team – my colleagues, our partners, customers, regulators, suppliers and service providers for their contribution and support in enabling the Group in breaking new ground and achieving new milestones in our corporate journey. We look forward to your continued contribution and support in the coming years.

LEE KOK CHOON
Group Managing Director

FINANCIAL HIGHLIGHTS

	FYE 2020[1] RM ('000)	FYE 2021[1] RM ('000)	FYE 2022[1] RM ('000)	FYE 2023[1] RM ('000)
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Revenue	73,757	85,285	94,438	119,904
Gross Profit	11,956	19,976	22,732	27,619
Earnings Before Interest, Taxation, Depreciation and Amortisation	8,031	8,788	10,209	10,582
Profit Before Tax	6,604	7,523	8,721	9,001
Profit After Tax	5,287	5,982	7,156	7,328
Profit Attributable to Owners of the Company	5,392	5,910	6,866	8,123
STATEMENTS OF FINANCIAL POSITION				
Total Assets	46,713	61,744	65,191	80,773
Total Liabilities	24,752	33,049	29,123	30,781
Total Equity	21,961	28,695	36,068	49,992
Total Deposits, Bank and Cash Balances	9,293	12,104	10,047	13,912
Total Bank Borrowings	2,323	4,469	4,737	4,172
Equity Attributable to Owners of the Company	22,468	28,476	35,614	50,270
RATIOS				
Net Assets per Share (sen) [2]	3.19	4.17	5.24	7.27
Basic and Diluted Earning Per Share ("EPS") (sen) [3]	0.78	0.86	1.00	1.18
Gross Gearing (times) [4]	0.11	0.16	0.13	0.08

NOTES:

[1] KJTS Group Berhad (the "Company") was incorporated on 3 June 2022 and was listed on the ACE Market of Bursa Malaysia Securities Berhad on 26 January 2024. The Company completed the acquisition of its wholly-owned subsidiary, KJ Technical Services Sdn. Bhd. on 13 December 2023.

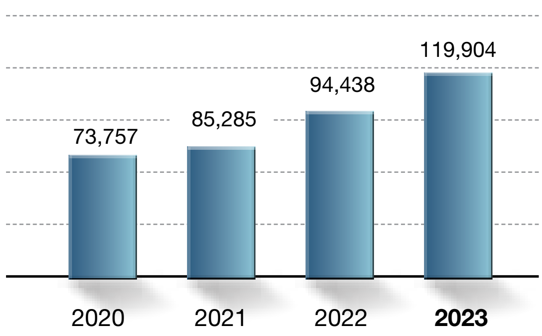
The comparative figures for FYE 2020 to FYE 2023 shown above are presented as if the acquisition had occurred at the beginning of the earliest comparative period presented.

[2] Computed based on net assets divided by the enlarged issued share capital of 688,000,000 ordinary shares upon listing on 26 January 2024.

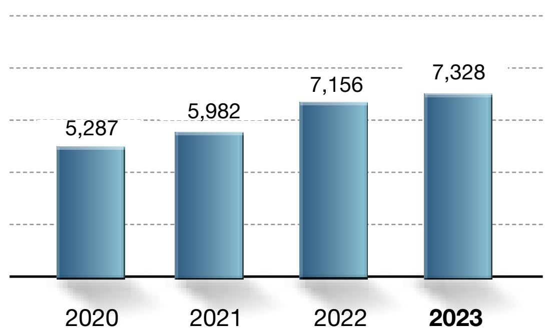
[3] Computed based on profit attributable to owners of our Company divided by the enlarged issued share capital of 688,000,000 ordinary shares upon listing on 26 January 2024.

[4] Computed based on borrowings comprises term loans and hire purchase under lease liabilities, divided by shareholders' equity.

Revenue (RM'000)

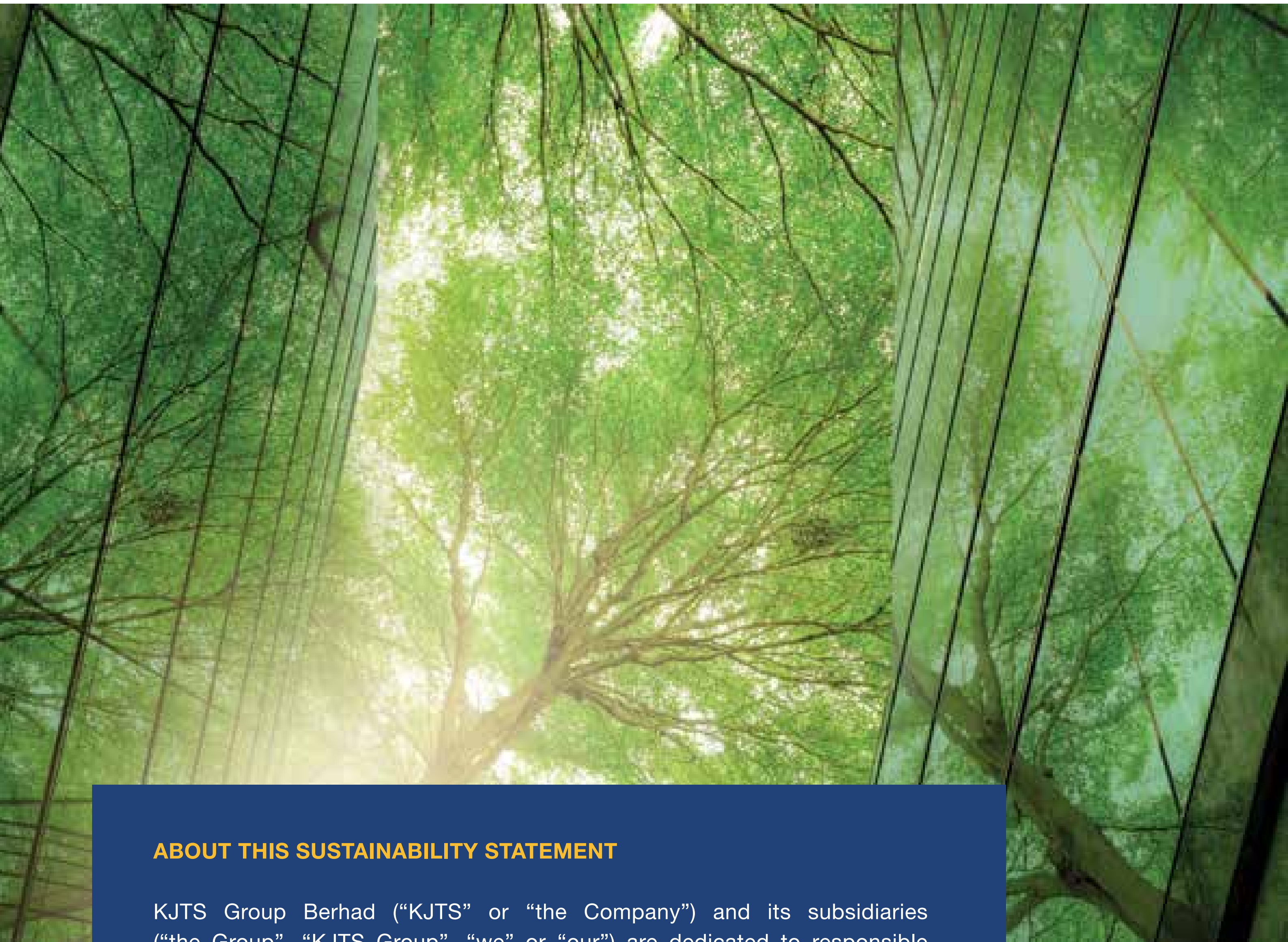


Profit After Tax (RM'000)



Sustainability

SUSTAINABILITY STATEMENT



ABOUT THIS SUSTAINABILITY STATEMENT

KJTS Group Berhad ("KJTS" or "the Company") and its subsidiaries ("the Group", "KJTS Group", "we" or "our") are dedicated to responsible management practices throughout our operations in Malaysia, Singapore, and Thailand. We focus on Environmental, Social and Governance ("ESG") impacts. As an integrated building support services provider, we prioritise quality, safety, and environmental responsibility.

We aim to work closely with our clients to deliver customised solutions that save energy, reduce costs, and improve performance. Our Sustainability Framework, anchored in Economic, Environmental, Social and Governance ("EESG") reflects our mission "to deliver energy-focused, technical management services with long-term, reliable, and guaranteed performance-based solutions that bridge divides across borders and culture" to make the world more sustainable for the future. We aim to use advanced technology to provide market value services to different sectors, locally and internationally.

Sustainability Statement (Cont'd)

Reporting Standards

This Sustainability Statement ("Statement") was prepared in accordance with the following regulatory and guidance:

Guidance Note 11 of the ACE Market Listing Requirements	Sustainability Reporting Guide, 3rd Edition ("SRG")	Malaysia Code of Corporate Governance, Updated April 2021 ("MCCG")

Reporting Scope

This Statement covers the sustainability activities and performance for the financial year ended 31 December 2023 ("FYE 2023") and includes the performance of our operations in Malaysia, Thailand and Singapore except for the subsidiaries which are dormant or have minimum activities during the financial year as listed in the table below:

Subsidiaries
KJ Facilities Management Sdn. Bhd.
KJ Energy Services Sdn. Bhd.
AUNOA Solutions Sdn. Bhd.
DCS Power Sdn. Bhd.

Feedback

We value your feedback on this Statement and any matters described herein. Inquiries, comments, and suggestions regarding the content of this Statement may be emailed to us at enquiry@kjts.com.my.

Sustainability Governance

We prioritise sustainable development through effective governance, balancing EESG factors in our decision-making. Our sustainability governance established on 7 March 2024, includes the Board of Directors ("BOD"), the Management Committee ("MC") and Head of Departments ("HODs"), ensuring broad oversight of sustainability issues.

The diagram below delineates the roles and responsibilities for each structure level, underscoring our commitment to principled and effective sustainability practices:

1. BOD

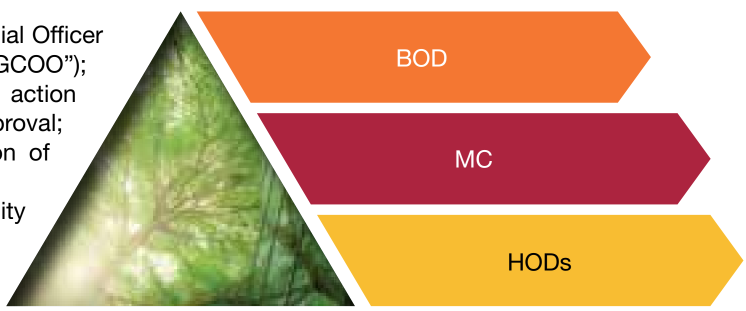
- The Board is responsible to oversees the development and implementation of sustainability strategies;
- Approve on the Sustainability Policies and Framework; and
- Review and approve the Sustainability Statement for disclosure in the Annual Report.

2. MC

- MC is led by the Directors, Group Chief Financial Officer ("GCFO") and Group Chief Operating Officer ("GCOO");
- To determine the sustainability strategies and action plans that will be presented to the Board for approval;
- To have an oversight over the implementation of sustainability initiatives; and
- To review and develop the draft Sustainability Statement submitted by HODs.

3. HODs

- Representatives from HODs;
- Consolidate, develop, coordinate, and implement sustainability initiatives across the Group;
- Assess the key sustainability matters and stakeholders involves;
- To obtain and analyse input of disclosure purposes in the Annual Report; and
- To prepare the Sustainability Statement, whereby such statement shall be review by MC.



Sustainability Statement (Cont'd)

Policies and Procedures for Excellent Governance

Various policies have been implemented to promote sustainable business practices and integrate them into daily operations. The policies set out below establish guidelines and standards to ensure that the Group upholds the highest ethical principles, conducts its business with efficiency and demonstrates the integrity of its operations.

- ANTI-BRIBERY & ANTI- CORRUPTION POLICY
- WHISTLEBLOWING POLICY
- CODE OF CONDUCT AND ETHICS
- DIVERSITY POLICY
- QUALITY, HEALTH, SAFETY & ENVIRONMENTAL ("QHSE") POLICY
- SUSTAINABILITY POLICY
- EMPLOYEE'S HANDBOOK

Sustainability Policy

Our Group's Sustainability Policy, effective 1 December 2023, emphasises our commitment to promoting environmental sustainability, social responsibility, and effective governance in our business processes. We aim to align ESG with our overall business strategy, incorporating the ESG and sustainability values into our working environment and business operations while communicating to all employees through our core values and corporate policies.

Key objectives of our Sustainability Policy include the following:

- To develop and promote sustainability awareness of the ESG;
- To Improve Group's sustainability performance;
- To engage and communicate with all relevant stakeholders on any ESG related matters; and
- To comply with the relevant laws and regulations.

By adhering to these principles, we aim to make a positive contribution to society, minimise our impact on the environment and ensure a sustainable future for generations to come.

Stakeholder Engagement

We hold our stakeholders in high regard, recognising their pivotal role in realising our sustainability goals, as their experiences are directly or indirectly influenced by our business operations. At KJTS Group, we are dedicated to comprehending the needs and concerns of our stakeholders, striving to cultivate mutually beneficial outcomes that foster economic, social, and environmental sustainability.

The Group engages with stakeholders through a variety of channels which includes:

Stakeholder Group	Areas of Interest or Concern	Engagement Platform	Engagement Method	Engagement Frequency
Shareholders & Investors	• Financial performance • Corporate Governance • Regulatory Compliance • Ethical Business Conduct • Internal Control and Risk Management	• Financial and Corporate announcement and reporting • Annual general meeting ("AGM") • Corporate website • Bursa announcement	• Hold AGM to present our Company's financial performance	• Annually • Quarterly • As and when required

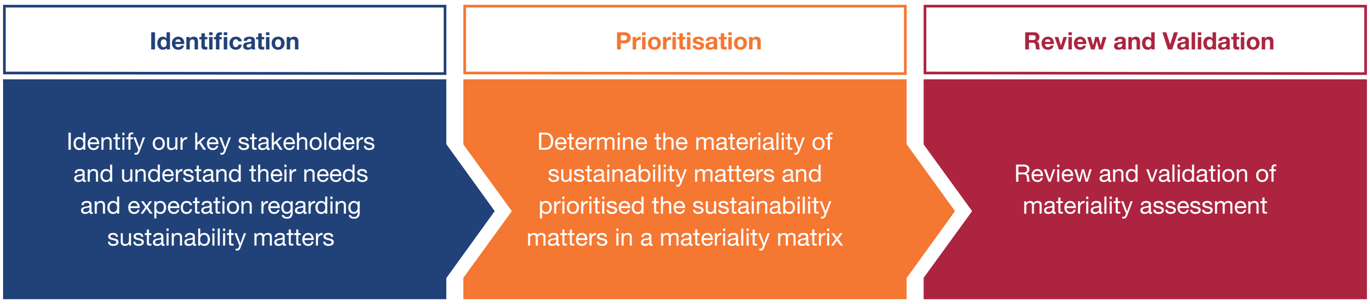
Stakeholder Group	Areas of Interest or Concern	Engagement Platform	Engagement Method	Engagement Frequency
Customers	• Product and Service quality and pricing • Customer Service • Product Development and Innovation • Health and Safety	• Customer Satisfaction Survey • Company website	• Conduct annual customer satisfaction surveys • Actively engaging and building relationships	• As and when required • Quarterly
Vendors & Suppliers	• Business Continuity • Product Quality • Customer Service • Ethical Labour Practices • Responsible Environmental Initiatives	• Direct Engagement • Meetings and Discussions	• Communicate with supplier through emails, meeting and site visit	• As and when required
Employees	• Employee Health and Safety • Career Development and Advancement • Communication and Engagement • Fair Remuneration Practices	• Performance Appraisals • Social Events with employees • Meetings and Discussions • Trainings	• Town hall meeting • Performance appraisal • Organise training awareness session	• Frequently
Government & Regulatory Bodies	• Regulatory compliance • Approvals and permits • Standards and certification	• Meetings and Consultations • Dialogues • Audit and Verification	• Ensure compliance with existing regulations and reporting requirement • Meeting or dialogues with government officials	• Annually • Quarterly
Local Communities	• Community wellbeing • Community investment	• Internship programme • Corporate Social Responsibilities ("CSR") Engagement	• Engage with CSR initiatives and activities	• Annually
Media/Analyst	• Corporate development	• Corporate website	• Issue press to announce significant events	• As and when required • Quarterly

Sustainability Statement (Cont'd)

Identifying and Addressing Materiality Matters

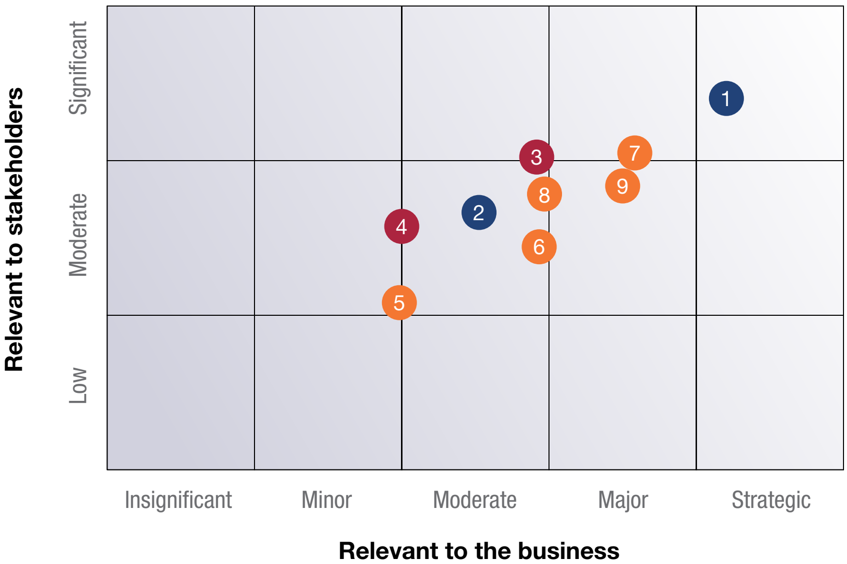
At KJTS Group, we prioritise the involvement of various stakeholders in our sustainability efforts. We use a variety of communication channels, including hard copy, electronic documents and web-based platforms, to address relevant sustainability issues. Our commitment to transparency includes maintaining an open dialogue with stakeholders and actively seeking their feedback to shape our sustainability strategy.

In FYE 2023, we undertook a thorough review of key sustainability issues to ensure alignment with KJTS Group's strategies, risks, opportunities and stakeholder concerns. This ongoing process ensures that our sustainability initiatives remain responsive and adaptable to changes in the landscape.



We performed an assessment to identify the ESG material matters for FYE 2023. We engaged with a consultant in identifying and prioritising the relevant material matters based on our business operations and stakeholders' needs.

Through the assessment process, we identified 9 material matters that are significant to the Group.



1. Anti-Corruption
2. Supply Chain Management
3. Energy Management
4. Emissions Management
5. Community / Society
6. Diversity
7. Health & Safety
8. Labour Practices and Standards
9. Data Privacy and Security

Economic / Governance

Environment

Social

Sustainability Statement (Cont'd)

Sustainability Key Performance Indicators ("KPIs")

The KPIs serves as a direction and a source of motivation in the journey toward sustainable objectives. Regularly assessing our performance against established targets not only aids in monitoring progress but also empower us to initiate corrective measures. This proactive approach is critical for mitigating risks and ensuring the sustainability of the business.

Material Topics	2023 Achievement	2024 Targets
Anti-Corruption	• Achieved zero corruption cases reported	• To maintain zero corruption cases
Supply Chain Management	• 99% spending on local supplier	• To prioritize spending on local supplier
Energy Management	• 22,987,175.01 Kilowatt-Hour ("kWh") of electricity consumption	• To minimize electricity consumption
Emission Management	• Total carbon emission from Scope 1 and Scope 2 emission was 16,711.90 tonnes of carbon dioxide equivalent ("tCO_2e")	• To reduce total carbon emission
Community / Society	• Contributed RM22,080.50 to local communities • Contributed to 4 beneficiaries	• To increase investment in community engagement
Diversity	• Achieved 33% Female at Board level	• Maintain at least 30% of female at board level
Health and Safety	• Zero fatality cases reported • Lost Time Incident Rate 1.25	• Maintain zero fatality cases • To reduce Lost Time Incident Rate
Labour Practices and Standards	• 20% employee turnover rate • 3,062 training hours provided with an average of 3 training hours per employee	• To decrease employee turnover rate • To increase number of training hours per employee
Data Privacy and Security	• Achieved zero cases reported of breaching customer privacy	• Maintain zero cases of breaching customer privacy

Risk and Opportunities

The material assessment helped to identify significant sustainability issues, prioritise actions, manage risks, capitalise on opportunities, and create long-term value for stakeholders while contributing to sustainable development to achieve its goals and thrive in the long run.

Material Topics	Risks	Opportunities
Anti-Corruption	• Integrity risk	• Demonstrating ethical business practices
Supply Chain Management	• Disruption in supply chain causing delays • Quality issues • Increased costs	• Identifying alternatives supplier
Energy & Emission Management	• Regulatory changes impacting emissions	• Implement mitigation plans
Community / Society	• Negative impact on brand reputation • Community dissatisfaction	• Enhance brand image
Diversity	• Loss of key employee	• Brand and reputation enhancement
Health and Safety	• Safety non-compliance	• Strengthen health and safety policies and provide comprehensive employee training
Labour Practices and Standards	• Violation of labour rights affecting workforce • Insufficient training	• Fair and ethical labour practices • Develop comprehensive training plan • Enhance employee's knowledge
Data Privacy and Security	• Legal Risk • Integrity risk • Loss of business and customers	• Implement proactive compliance measures and regular update privacy policy.

Sustainability Statement (Cont'd)

ECONOMIC / GOVERNANCE

Anti-Corruption

At KJTS Group, we are committed to integrity and compliance with relevant laws and regulations. We adhere to our Anti-Bribery and Anti-Corruption ("ABAC") Policy and Code of Conduct and Ethics.

KJTS Group proudly adopts a zero-tolerance policy towards all forms of corruption and bribery. This stance reflects the Group's commitment to maintaining the highest standards of ethical conduct throughout its operations. The scope of our ABAC Policy extends to every employee within the Group and to all external parties who perform work or services on behalf of KJTS Group.

The Group provides accessible channels for all stakeholders to report instances of inappropriate behaviour. This demonstrates our commitment to fostering an environment where ethical concerns can be raised and addressed without fear of reprisal. KJTS Group's commitment to the highest standards of integrity is underscored by its firm stance on disciplinary action, including termination of business relationships, against those found to have violated the ABAC Policy. By embedding these principles, KJTS Group not only protects its reputation but also achieves ethical business practices.

In demonstrating our commitment to ethical business practices, the Group has plans to provide ABAC awareness sessions in financial year 2024 ("FY 2024") to educate employees at all levels. Similarly, the Group intends to conduct assessments of its operations to identify and address corruption-related risks.

SUSTAINABILITY : ECONOMIC / GOVERNANCE

In FYE 2023, there were no incidents of corruption reported within the Group.

KJTS Group has implemented a Whistleblowing Policy to uphold heightened ethical standards and establish efficient channels for reporting concerns. This Whistleblowing Policy guarantees all stakeholders associated with the Group, have accessible channel to report suspicions of wrongdoing, unethical behaviours, or workplace grievances that could have adverse effects on the Group.

In FYE 2023, no whistleblowing cases were reported through the whistleblowing channels.

Our ABAC and Whistleblowing Policy are available on our Group's website: https://www.kjts.com.my/site/corporate-governance.

Supply Chain Management

KJTS Group recognises the critical importance of efficient procurement practices in achieving its business objectives. By optimising its supply chain management, we aim to reduce costs, enhance overall efficiency, and bolster its competitive edge in the market. Strategic procurement not only helps in cost minimisation but also contributes to risk mitigation by ensuring a stable and reliable supply of essential resources. Our commitment to ethical procurement, characterised by fair and transparent sourcing practices, enhances its reputation and attracts clients who prioritise responsible business conduct.

In exemplifying our dedication to quality and cost-effectiveness in cooling energy solutions and facility management services, we employ meticulous procurement practices. This includes fostering strong relationships with trusted external providers and conducting comprehensive pre-qualification and due diligence processes. By the end of FYE 2023, 99% of KJTS Group's suppliers were local, aligning with its ethical and sustainability goals.

Upholding integrity, suppliers must sign the Integrity Pledge, adhering to our ABAC policy before joining our supplier network. Additionally, we conduct technical comparisons before selecting the right suppliers for KJTS Group.

Looking ahead to FY 2024, our plans include the development of a comprehensive Procurement Policy, integrating ESG criteria into the procurement process, and incorporating ESG considerations into the supplier evaluation form. These initiatives reinforce our commitment to ethical, sustainable, and efficient procurement practices that align with our values and contribute to long-term excellence.

Supply Chain Management FYE 2023 Performance Table

	FYE 2023
Percentage of spending on Local Suppliers (%)	99
Percentage of spending on Foreign Suppliers (%)	1

ENVIRONMENT

Energy Management

Energy Efficiency Management stands as a top priority for KJTS Group, aiming to reduce costs while championing environmental sustainability. Through the adoption of efficient technologies and strategies, we enhance operational efficiency and ensure compliance with regulatory requirements. KJTS Group proudly holds the ISO14001:2015 Environmental Management System certification, solidifying our commitment to sustainable practices. This certification validates our adherence to internationally recognised standards for environmental responsibility and management.

In collaboration with our clients, we conduct energy audits based on widely recognised standards. These audits provide valuable insights into energy consumption and aid in devising tailored solutions to optimise energy efficiency.

List of the recognised standards include the below:

List of Recognised Standards	Purpose
American Society of Heating, Refrigerating and Air-Conditioning Engineers ("ASHRAE")	Provide uniform methods of testing for rating purposes, describe recommended practices in designing and installing equipment and provide other information to guide the industry
MyHijau Mark	Bring together certified products and services that meet local and international environmental standards under one single mark
Air-Conditioning, Heating, and Refrigeration Institute ("AHRI")	Develops performance-based standards for equipment designed and manufactured by HVACR industry participants
Malaysian Standards ("MS") 1525:2019	Gives guidance on the effective use of energy including the application of renewable energy in new and existing non-residential buildings

SUSTAINABILITY : ENVIRONMENT

Our services range from helping clients establish an electricity framework, benchmarking usage and collecting data for effective energy management. Through audits, we facilitate the identification and resolution of energy efficiency issues, enabling clients to optimise usage and reduce environmental impact. In addition, our provision of District Cooling Systems ("DCS") leverages economies of scale, resulting in efficient use of electricity across buildings with varying loads.

At KJTS Group, we strive to promote a greener future by integrating energy efficient solutions, helping our customers achieve their sustainability goals and actively contributing to the global effort to limit global warming to 1.5 degrees Celsius.

KJTS Group's Electricity Consumption

	FYE 2023
Electrical consumption (kWh)	22,987,175.01
Fuel consumption (litre)	45,857.65

Emissions Management

Emissions management is essential for KJTS Group to ensure compliance with environmental regulations, mitigate legal risks, and meet stakeholder expectations for sustainable practices. By actively monitoring and reducing emissions, KJTS Group enhances its corporate image and operational efficiency while cutting energy costs.

Internally, we implement energy-saving measures like mindful operational practices. We comprehensively quantify carbon emissions, including fuel, electricity, and employee travel, using the carbon accounting platform, Integrated Carbon & Energy Management Platform ("ICEP"), managed by our QHSE team.

Our Engineering, Procurement, Construction, and Commissioning ("EPCC") and upgrade projects in Malaysia and Thailand incorporate advanced energy management systems to optimise energy use, reduce waste, and improve overall efficiency. As a result, our projects achieved significant electricity savings and CO_2 reduction for clients in FYE 2023.

We're also implementing Supervisory Control and Data Acquisition ("SCADA") systems using Internet of Things ("IoT") technology to manage client data like temperature, flow rate, plant efficiency, and emissions. Notably, our DCS stands out for its efficient design, using fewer equipment and refrigerants, resulting in reduced greenhouse impact.

Client Savings and CO_2 Avoidance

FYE 2023	Electricity Savings (kWh)	Avoidance (tCO_2e)
Malaysia	6,143,612	4,656,858
Thailand	1,930,187	1,463,082
Total	8,073,799	6,119,939

Note: Operation in Singapore only provides cleaning services.

KJTS Group greenhouse gas emissions for FYE 2023, by scope, yielded the following results:

	Elements Involved	FYE 2023
Scope 1 Emissions (tCO_2e)	Emissions from vehicles and generator sets	125.29
Scope 2 Emissions (tCO_2e)	Emissions from purchased of electricity	16,586.61

Sustainability Statement (Cont'd)

SOCIAL

Community / Society

KJTS Group is committed to fostering and enhancing the welfare of the local communities in which we operate. In FYE 2023, we donated a total amount of RM22,080.50 to Tenby Schools SEP, SUARA PACSU, KEN Foundation and Big Boys Sports Event Management. Through these efforts, we aim to play a substantial role in improving the life of the community, demonstrating our genuine commitment to their growth and success.

Name of Programme	Objective/Purpose	Amount (RM)
Tenby Schools SEP charity campaign - "Gift of Light and Hope"	Aimed at making a meaningful impact on the lives of the Orang Asli community where Tenby Schools SEP collaborated with Epic Homes Malaysia to raise funds to build safe and comfortable homes for the Orang Asli community in Kampung Hulu Kuang	10,000.00
SUARA PACSU	To support and promote a caring community culture in line with the aspirations of the government	500.00
KEN Foundation	To provide financial assistance to students for further education	6,580.50
Big Boys Sports Event Management	To support the development of sport programme	5,000.00

SUSTAINABILITY : SOCIAL

Local Community Engagement FYE 2023 Performance Table

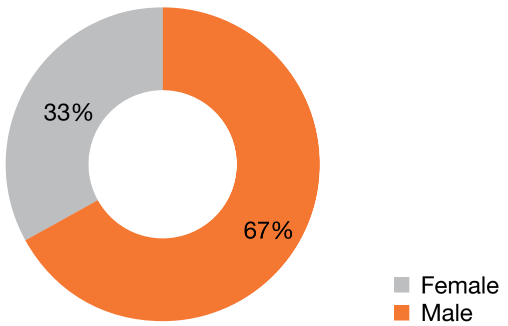
	FYE 2023
Total amount of contribution	RM22,080.50
Total number of beneficiaries	4

Diversity

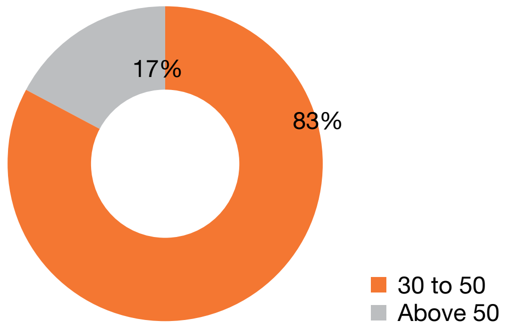
At the core of our values lies a dedicated commitment to fostering diversity and inclusivity throughout our workplace. We recognise that a diverse workforce is paramount to maintaining our competitive edge. Our aim is to cultivate an environment that embraces individuals from various backgrounds, drawing upon a wide range of knowledge and perspectives. We steadfastly promote equal employment opportunities, actively striving to eradicate discrimination based on gender, race, religion, age, and nationality. Embracing such diversity enriches our KJTS Group culture and contributes to broader viewpoints.

We are committed to advancing the role of women in the workplace, aspiring to attain a minimum of 30% female representation on the Board of Directors, in accordance with MCCG guidelines. Presently, the Board comprises 6 members, with 2 being women, constituting 33% representation. The Group is dedicated to establishing an inclusive organization that fosters diversity and equal opportunities for all employees.

Board of Directors - Gender



Board of Directors - Age Group



We adhere to the principles of equal opportunities in recruitment, actively preventing any form of discrimination. Our goal is to attract and hire individuals from diverse backgrounds, aligning with our broader objective of nurturing a workplace culture that prioritises inclusivity and mutual respect. Through ongoing review and refinement of our recruitment processes, we aim to sustain a diverse and supportive workforce, welcoming individuals from all backgrounds.

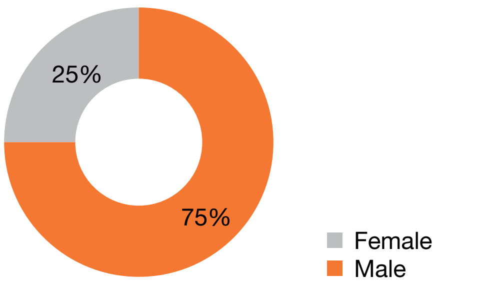
Our commitment to cultivating diversity of age and gender within our workforce reflects a steadfast dedication to the principles of equal opportunity employment. The incorporation of individuals spanning various age groups ensures a dynamic integration of perspectives and experiences throughout our workplace. This diversity not only cultivates a more vibrant and innovative organisational culture but also establishes an inclusive environment where each team member feels valued.

Sustainability Statement (Cont'd)

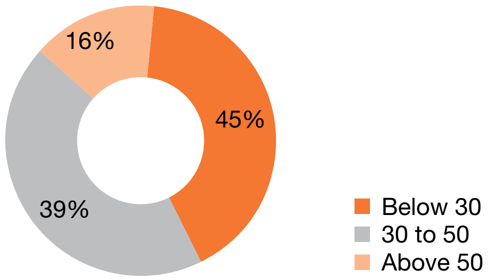
SUSTAINABILITY : SOCIAL

In FYE 2023, our total number of employees is 1,116. The employee breakdown for FYE 2023 is shown in the chart below.

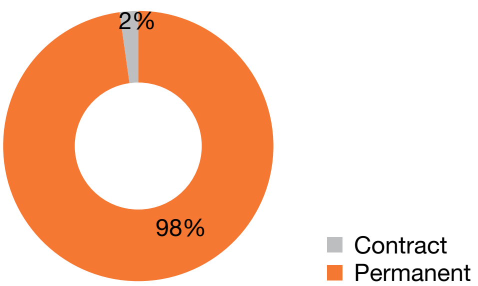
Employee Gender



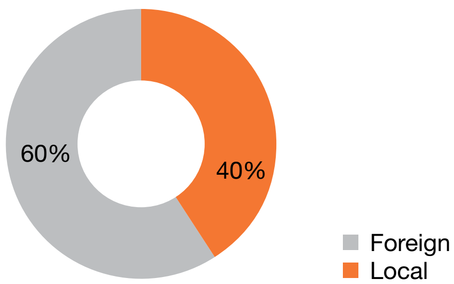
Employee Age Group



Employee Type



Local Employee



Health and Safety

At KJTS Group, we ensure a safe and healthy workplace as a top priority. Committed to the highest standards of occupational health and safety, we hold ISO 45001:2018 Occupational Health and Safety Management System certification, underscoring our dedication to meeting internationally recognised benchmarks for workplace safety. Our adherence to the Occupational Health and Safety Act 1994 is further bolstered by our proactive approach, spearheaded by the Quality, Health, Safety, and Environment ("QHSE") department. This department diligently implements safety policies across all project sites, ensuring compliance with regulatory requirements and industry best practices.

In FYE 2023, recorded a lost time incident rate of 1.25. We have increased safety awareness, improved skills, ensured compliance with legislation and carried out routine safety checks. We proactively identify and mitigate risks using Hazard Identification, Risk Assessment and Determine Control ("HIRADC") tools. The HIRADC tools enable us to systematically identify, evaluate, and address potential hazards across all facets of our operations.

KJTS Group is also dedicated to fortifying a culture of safety among its employees through a robust safety training program. By tailoring training modules to address job-specific risks and incorporating hands-on learning experiences, KJTS Group ensures that its workforce is well-prepared to identify and mitigate potential hazards. Through this proactive approach, employees are empowered to take ownership of their safety and contribute to a workplace environment where vigilance and prevention are paramount.

SUSTAINABILITY : SOCIAL

Our established Occupational Health and Safety Policy and Safety Operating Procedures are communicated to all relevant parties to ensure a safe and sustainable workplace at KJTS Group. KJTS Group also practices the Occupational Health and Safety measure activities as follows:

No	Activities	Frequency
1	HSE Committee Meeting	Quarterly
2	HSE Site Inspection	Monthly
3	Integrated Management System ("IMS") Internal and External Audit	Annually

Occupational Health and Safety FYE 2023 Performance Table

	FYE 2023
Number of work-related fatalities	NIL
Total man hours worked	1,116,348
Number of lost time injury	7 days
Lost time incident rate	1.25

Labour Practices and Standards

People are the main driving force behind our Group's business growth. Hence, it is important for us to build practices that promote a sustainable and productive workforce. In FYE 2023, there were zero complaints reported concerning human rights violations. Our Group provides competitive employee benefits such as medical benefits, insurance coverage, annual leaves, sponsorship on trainings and allowances that formulate retention strategy. As such, we monitor employee turnover rate as an indicator to ensure we have sufficient manpower to carry out our business operations and modify our strategies as and when needed.

Employee Turnover and Hiring FYE 2023 Performance Table

	FYE 2023
Number of employee turnover	460
Workforce breakdown by new employee hires	
Male	283
Female	113

At KJTS Group, we prioritise continuous training and development of our employees as vital to our business success. Each year, our Human Resources department works with department heads to identify training needs, plan the training calendar and allocate budgets.

We recognise the importance of ongoing employee development and invest significantly in a variety of internal and external training programmes. In FYE 2023, we provided a total of 3,062 hours of training, an average of 3 hours per employee. This investment reflects our commitment to employee development, improving morale and creating a positive working environment.

Training and Development FYE 2023 Performance Table

	FYE 2023
Total training hours (Hrs)	3,062
Total amount invested on training (RM)	129,835.30
Average training hours per employee (Hrs)	3

Sustainability Statement (Cont'd)

Data Privacy and Security

At KJTS Group, protecting customer information is critical to fostering trust and driving business growth. We strictly adhere to data protection laws and regulations and implement robust governance measures to ensure the confidentiality and security of customer information.

All employees are required to sign a Non-Disclosure Agreement ("NDA") as part of our induction programme, which emphasises our commitment to respecting customer privacy and protecting business information. No employee may disclose customer information without explicit authorisation, underlining our commitment to the highest standards of customer privacy.

In FYE 2023, there were zero cases of substantiated complaints concerning breaches of customer privacy and losses of customer data.

Moving Forward Statement

Moving forward, our main emphasis will be on improving our data collection procedures to guarantee accuracy and comprehensiveness. This initiative is in line with our continuous dedication to delivering transparent and easily accessible information to all stakeholders, fostering a culture of openness and accountability. Our objective is to enhance our communication channels and reporting mechanisms, enabling stakeholders to gain a more profound understanding of our sustainability initiatives and performance. We acknowledge the significance of transparency in cultivating trust and maintaining robust relationships with our stakeholders.

Performance Data Table

Indicator	Measurement Unit	FYE 2023
Anti-Corruption		
Bursa C1 (a) Percentage of employees who have received anti-corruption training by employee category	Percentage	N/A
Bursa C1 (b) Percentage of operations assessed for corruption-related risks	Percentage	N/A
Bursa C1 (c) Confirmed incidents of corruption and action taken	Number	NIL
Supply Chain Management		
Bursa C7 (a) Proportion of spending on local suppliers	Percentage	99
Energy Management		
Bursa C4 (a) Total energy consumption		
Electricity Consumption	kWh	22,987,175.01
Fuel Consumption	Litre	45,857.65
Emissions		
Bursa C11 (a) Scope 1 emissions in tonnes of CO_2e	tCO_2e	125.29
Bursa C11 (b) Scope 2 emissions in tonnes of CO_2e	tCO_2e	16,586.61

Indicator	Measurement Unit	FYE 2023
Labour Practices and Standards		
Total number of employee turnover	Number	460
Number of substantiated complaints concerning human rights violations	Number	NIL
Total number of training hours	Hours	3,062
Total number of employee new hires	Number	396
Health and Safety		
Bursa C5 (a) Number of work-related fatalities	Number	NIL
Bursa C5 (b) Lost Time Incident Rate	Number	1.25
Total man hours worked	Hours	1,116,348
Diversity		
Percentage of employees by gender and age group		
Male	Percentage	75
Female	Percentage	25
< 30 years old	Percentage	39
30 – 50 years old	Percentage	45
> 50 years old	Percentage	16
Bursa C3 (b) Percentage of directors by gender and age group		
Male	Percentage	67
Female	Percentage	33
< 30 years old	Percentage	0
30 – 50 years old	Percentage	83
> 50 years old	Percentage	17
Data Privacy and Security		
Bursa C8 (a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	NIL
Local Communities		
Bursa C2 (a) Total amount invested in the community where target beneficiaries are external to the listed issuer	MYR	22,080.50
Bursa C2 (b) Total number of beneficiaries of the investment in communities	Number	4

Corporate Governance

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of KJTS Group Berhad ("the Company") is pleased to present the Corporate Governance Overview Statement ("Statement") for the financial year ended 31 December 2023 ("FYE 2023"), which has been prepared in compliance with the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board recognises the importance of corporate governance in promoting business prosperity and corporate accountability to protect and enhance shareholders' value as well as the interests of the Company and its subsidiaries ("the Group").

The Board is committed to instilling and upholding good corporate governance ("CG") practices throughout the Group in accordance with the principles and practices of the Malaysian Code on Corporate Governance ("MCCG") updated and issued by the Securities Commission Malaysia on 28 April 2021 towards achieving corporate excellence.

The Statement provides an overview of the CG approach and summary of CG practices adopted by the Company for the FYE 2023, by making reference to the following three (3) key principles as set out in the MCCG:

Principle A : Board Leadership and Effectiveness;
Principle B : Effective Audit and Risk Management; and
Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement, which was approved by the Board, shall be read together with the Corporate Governance Report 2023 ("CG Report") of the Company which provides the details on how the Company has applied, or departed from, each CG practice.

The CG Report is available on the Company's website at www.kjts.com.my as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

Role of the Board

The Board takes full responsibility for the performance of the Group and leads the Group towards a 3-fold target of achieving its short and long-term objectives, setting corporate strategies for growth and new business development. The Board has delegated the day-to-day operations of the Group to the Group Managing Director ("GMD"), Group Executive Director ("GED") and Key Senior Management ("KSM"), who manage the Group in accordance with the strategies and policies approved by the Board.

In order for the Board to discharge its functions and responsibilities effectively, the Board has delegated specific authorities and responsibilities to the Board Committees namely Audit and Risk Management Committee ("ARMC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Long-Term Incentive Plan Committee ("LTIPC").

The roles and responsibilities of the Board are summarised as follows:

(i) Together with management, promoting a good corporate governance culture within the Group, reinforcing ethical, prudent and professional behaviour;
(ii) Reviewing and setting up a strategic plan for the Group that supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
(iii) Reviewing, challenging and deciding on management's proposals for the Group, and monitoring its implementation by management;
(iv) Overseeing the conduct of the Group's business to ensure it is properly managed, including supervising and assessing corporate behaviour, management performance and conduct of the business of the Group;
(v) Identifying the principal risks and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;
(vi) Reviewing the information and risk management and internal control system and the effectiveness of the management;
(vii) Ensuring there is an orderly succession of senior management positions who are of high calibre and have the necessary skills and experience. The Board delegates to the NC and RC to review succession plans and remuneration packages for the Directors respectively as well as the Group's policies and procedures on remuneration for the consultants who are employees of the Group. The Board also ensures that there are appropriate policies for training, appointment and performance monitoring of management positions;
(viii) Developing and implementing an investor relations programme or shareholders' communications policy for the Group to enable effective communication with stakeholders;
(ix) Reviewing and approving financial statements;
(x) Reviewing and approving the Company's annual report;
(xi) Ensuring the integrity of the Company's financial and non-financial reporting; and
(xii) Undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, the Board Committees and each individual Director.

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

1. BOARD RESPONSIBILITIES (CONT'D)

Separation of the Chairman and Group Managing Director Roles

The Board is led by Azura Binti Azman, the Independent Non-Executive Chairman, who is responsible for marshalling the effective functioning of the Board, including the collective oversight of management, with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference ("TOR"), to ensure its own effectiveness.

The Chairman is not a member of the ARMC, NC and RC of the Company since the date of her appointment.

Mr Lee Kok Choon, our GMD, is responsible for the overall performance of our Group's business by driving business growth, overseeing our Group's business operations, supervising head of departments, planning, formulating and implementing our Group's strategies as well as liaising with stakeholders and providing technical and financial advice to the business operations of our Group.

Mr Sheldon Wee Tah Poh, our GED, is responsible for formulating business plans, directing organisational strategy, business development, expansion and overseeing our Group's marketing and communications direction, developing organisational culture, as well as overseeing day-to-day activities, reporting on revenue, improving performance and assisting in managing the corporate finances of our Group.

The Board appreciates the distinct roles and responsibilities of the Chairman and GMD and the segregation of their roles and responsibilities is clearly stated in the Company's Board Charter to ensure that a balance of power and authority is maintained.

Board Committees

The Board has established the following Board Committees to assist it in discharging its oversight function of the management of the Group:

Audit and Risk Management Committee

- Oversee the Group's financial reporting, including but not limited to reviewing quarterly results and audited financial statements of the Group, with the External Auditors.
- Establish a sound risk management and internal control framework for the Group and ensure effective implementation of risk mitigation plans.
- Review and monitor Related Party Transactions ("RPT"), Recurrent RPT and Conflict of Interest situations that may arise within the Group.

Nominating Committee

To support and advise the Board in fulfilling their responsibilities in overseeing the selection and also assessment of the performance of the Directors, Board Committees, and senior management on an on-going basis.

Remuneration Committee

To support and advise the Board with reviewing the remuneration framework, policy and procedures for directors and senior management and to recommend the remuneration package to the Board as a whole for approval.

Long-Term Incentive Plan Committee

To provide assistance to the Board in implementing and administering the Long-Term Incentive Plan ("LTIP") of the Company in accordance with the by-laws of the LTIP.

The composition, authority, duties and responsibilities of each Board Committee are set out in the TOR of the respective Board Committees which were adopted by each Board Committee and endorsed by the Board to ensure effective and efficient decision-making within the Group. The TOR of each Board Committee is available on the Company's website at www.kjts.com.my and is subject to periodical review by the Board.

All the Board Committees are actively engaged in overseeing the governance matters within their TOR. Each Board Committee is provided with the authority and adequate resources, which include among others, to obtain external professional advice at the expenses of the Company in performing its duties. They evaluate and recommend matters under their purview for the Board's consideration and decision-making. The Board receives updates from the respective Chairman of the Board Committees on matters that have been discussed and deliberated at the respective meetings.

Corporate Governance Overview Statement (Cont'd)

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

1. BOARD RESPONSIBILITIES (CONT'D)

Company Secretaries

The Board is supported by two (2) external competent Company Secretaries, who are either members of the Malaysian Institute of Chartered Secretaries and Administrators or licensed secretaries by the Companies Commission of Malaysia. Both the Company Secretaries are qualified under Section 235(2) of the Companies Act 2016 ("CA 2016") and are experienced in discharging their duties and responsibilities to the Board. The Company Secretaries advise the Board on CG matters and ensure the Board adheres to the relevant statutory and regulatory requirements as well as Board's policies and procedures.

All Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries attended the Board and Board Committees' meetings held during the FYE 2023 and ensure that the meetings are properly convened. Further, all deliberations and decisions are properly minuted and filed. The roles and responsibilities of the Company Secretaries are also stated in the Board Charter of the Company.

In order to contribute and operate effectively, the Company Secretaries keep themselves abreast of relevant corporate governance and regulatory requirements by undertaking continuous professional development.

Board Charter

The Board had on 1 December 2022 adopted a Board Charter, which outlines the roles and responsibilities of the Board, Board Committees, individual Directors and management.

The Board Charter also serves to provide guidance and clarity for the Board in overseeing the progression of strategic plans and overall performance of the Group while fulfilling its fiduciary duties and leadership functions. In order to retain control of key decisions and ensure a clear division of responsibilities, the Board Charter sets out the matters reserved for Board's decision, to ensure that the direction and control of the Group are firmly in the hands of the Board.

The Board Charter is subject to periodical review by the Board to reflect the current needs and nuances of the Company and is accessible on the Company's website at www.kjts.com.my.

Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy & Whistleblowing Policy

The Code of Conduct and Ethics which was adopted by the Board on 1 December 2022 enhance the standards of corporate governance of the Group and promote ethical conduct in the managing of business. The Code of Ethics and Conduct shall be observed by all Directors and employees of the Group.

In response to the introduction of corporate liability to the Malaysian commercial organisations for corruption under the Malaysian Anti-Corruption Commission Act 2009, the Board had established an Anti-Bribery and Anti-Corruption ("ABAC") Policy that sets out the Group's principles and stance and adequate procedures against corruption and/or bribery activities in the conduct of its businesses.

The ABAC Policy, which was adopted by the Board on 1 December 2022 comprises key policies and procedures that address the Group's corruption risks, and together with general internal controls of the Group which are aimed to mitigate corruption risks of the Group. The ABAC Policy will be reviewed by the Board as often as necessary.

The Board had put in place a Whistleblowing Policy which provides a mechanism for any employee of the Group as well as external parties to report genuine concerns relating to any malpractice or improper conduct of the Group's businesses.

The Code of Conduct and Ethics, ABAC Policy and Whistleblowing Policy are available on the Company's website at www.kjts.com.my and will be reviewed by the Board periodically.

Sustainability Strategies

The Board takes into consideration sustainability issues when it oversees the planning, performance and long-term strategy of the Group and views the commitment to do so as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Board is committed to staying abreast with sustainability issues associated with the ever-evolving operating environment which is relevant to its business. In the FYE 2023, the Board received updates on the progress of the Group's Environmental, Social and Governance ("ESG") journey from the GMD and was briefed on the changes of the ACE LR of Bursa Securities pertaining to sustainability reporting requirements from the Company Secretary.

The Group's efforts to promote sustainable initiatives for the communities in which it operates, the environment and the employees are set out in the Sustainability Statement in this Annual Report.

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

1. BOARD RESPONSIBILITIES (CONT'D)

Access to Information and Independent Professional Advice

All Directors, whether as a full Board or in their individual capacity shall have unrestricted access to management on any information pertaining to the Group, including access to the advice and services of the Company's auditors and consultants, Company Secretaries and are also entitled to obtain independent professional advice, which is relevant to the furtherance of their duties and responsibilities as Directors of the Company at the expense of the Company.

2. BOARD COMPOSITION

The composition of the Board comprises a strong mix of six (6) experienced individuals with four (4) of the Board members being Independent Non-Executive Directors ("INEDs") (including the Chairman) and the rest being GMD and GED. None of the Board members is a person linked directly with the executive branch of government such as heads of state, heads of government and ministers and none of the Board members is an active politician.

The Board comprises members from diversified backgrounds in terms of age and expertise. Their professional acumen range from corporate, legal and accounting to industry experience in building support services. Our Board is currently confident of the diversity in skills, experience, age, cultural background and gender in its composition.

With the present composition of the Board, the Company is in compliance with Rule 15.02 of the ACE LR of Bursa Securities which requires at least two (2) directors or one-third (1/3) of the Board, whichever is higher, must be Independent Directors as well as Practice 5.2 of the MCCG which stipulates that at least half of the Board comprises Independent Directors.

The Directors are of the opinion that the current Board size and composition is appropriate for the scope and nature of the Group's business and operations and for facilitating effective discussions and decision making. Further, the Board is able to discharge their duties professionally and effectively, uphold good governance standards in the conduct of their duties and responsibilities.

No individual or group dominates the Board's decision making. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors, which is reflected in the diverse backgrounds and competencies of the Directors.

The Board is satisfied with the level of time committed by its members in discharging their duties and roles as Directors of the Company. All the Directors of the Company do not hold more than five (5) directorships in listed issuers in Malaysia as stipulated in Rule 15.06 of the ACE LR of Bursa Securities. A brief profile of each Director is presented in the Directors' Profile section of this Annual Report.

The composition and size of the Board are reviewed periodically to ensure their appropriateness.

Re-election of Directors

Pursuant to Clause 78 of the Company's Constitution, Directors appointed during the year by the Board shall hold office until the next AGM and shall then be eligible for re-election. In accordance with Clause 76(3) of the Company's Constitution, at least one-third (1/3) of the Directors shall retire from office at every AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

The Directors who are seeking re-election are subject to Directors' assessment by the NC.

The NC had conducted the assessment on Elaine Law Soh Ying and Dr. Teoh Pek Loo (collectively, "Retiring Directors"), the Directors standing for re-election at the Company's forthcoming AGM and agreed that they met the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as the Directors as prescribed by the ACE LR of Bursa Securities. The NC had also conducted fit and proper assessment on the Retiring Directors and was satisfied with the outcome of the assessments. The Retiring Directors had provided the fit and proper declarations in accordance with the Directors' Fit and Proper Policy to the Company. The said policy was adopted by the Company on 1 December 2022, which can be referred from the Company's website at www.kjts.com.my.

The Board concurred with the findings of the NC, recommends and supports the re-election of the Retiring Directors, who are seeking for re-election pursuant to Clause 76(3) of the Company's Constitution at the forthcoming AGM.

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

2. BOARD COMPOSITION (CONT'D)

Independence of the Board

The INEDs of the Company are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience, and provide unbiased and impartial opinion, advice and judgement in the development of the Group's overall business strategy, which are essential to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. Their participation as members of the Board Committees has contributed towards the enhancement of the corporate governance and controls of the Group.

The Board assesses the independence of the INEDs on an annual basis via Independent Directors' Self-Assessment Form by taking into account the individual Director's ability to exercise independent judgement at all times. All the INEDs of the Company met the relevant criteria for independence as defined under Rule 1.01 and Guidance Note 9 of the ACE LR of Bursa Securities.

The Board is satisfied with the level of independence demonstrated by all the INEDs and their ability to act in the best interests of the Company. None of the INEDs has engaged in the management of the Group, and are free from any business or other relationships which may interfere with the exercise of their independent judgement.

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative term of nine (9) years. None of the existing Independent Directors have served the Board for a cumulative period of nine (9) years. Nevertheless, in the event if the Board wishes to retain an Independent Director upon completion of nine (9) years terms, the Board would seek the shareholders' approval.

Boardroom Diversity

The Board recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance. Currently, there are two (2) female Directors out of six (6) Directors on the Board, which constitutes 33.33% female representation on the Board. Following this, the Board is in compliance with the Practice 5.9 of the MCCG that states a Board should have at least 30% of women directors on the Board.

While promoting boardroom diversity, the Board is of the view that the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

The Group takes diversity not only in the boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Group. The Group is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, ethnicity, nationality, religion, age or family status. The Board has on 1 December 2022 adopted a Gender Diversity Policy, which can be referred from the Company's website at www.kjts.com.my.

Board Meeting

The Board meets regularly, at least once in every quarter, to review and approve the Group's quarterly financial results and reports and annual financial statements. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters which require the Board's expeditious review or consideration.

All Board approvals sought are supported with all the relevant information and explanations required for informed decisions to be made.

A total of four (4) Board Meetings were held during the FYE 2023 as follows:

Directors	Meeting Attended
Azura Binti Azman (Chairman)	4/4
Lee Kok Choon	4/4
Sheldon Wee Tah Poh	4/4
Ng Kok Ken	4/4
Elaine Law Soh Ying	4/4
Dr. Teoh Pek Loo	4/4

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

2. BOARD COMPOSITION (CONT'D)

Board Meeting (Cont'd)

The Board is satisfied with the level of commitment given by the Directors in carrying out their duties and responsibilities which is evidenced by the attendance record of the Directors at the Board Meetings held during the FYE 2023. In order to ensure the attendance of the Directors at the Board and Board Committee meetings, the annual meeting schedule for the Board and Board Committee meetings is circulated in advance before the commencement of the financial year to facilitate the Directors' planning.

As guided by the Board Charter, notice of meetings together with the relevant meeting papers are distributed to the Directors at least five (5) business days prior to the meetings to allow Directors to have sufficient time to review and obtain further clarification, if necessary. The proceedings of the Board meetings are conducted in accordance with a structured agenda to enable focused and constructive deliberation at meetings. During the Board meetings, KSM are invited to present and explain reports for the Board's deliberation and approval.

Directors are required to inform the Board of conflicts or potential conflicts of interest they may have in relation to particular items of business transacted by the Group or the Company as soon as practicable after the relevant facts have come to his/her knowledge. The interested Directors should abstain themselves from discussion or decisions on matters in which they have a conflicting interest.

The Chairman ensures that the Board Committee meetings are not combined with the main Board meeting to enable objective and independent discussion during the meetings.

All proceedings of the Board meetings are minuted by the Company Secretary. The minutes will be circulated to the Board for review and comments within a reasonable timeframe prior to the confirmation at the following Board meeting.

The Board members ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstain from voting or deliberating on a particular manner.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via written resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

Directors' Continuous Professional Development

In preparation of the Company's listing on the ACE Market of Bursa Securities, all members of the Board have attended the Mandatory Accreditation Programme as prescribed by the ACE LR of Bursa Securities.

The Board is mindful that all of the Directors shall receive appropriate trainings from time to time to equip and keep themselves abreast of the latest developments in order to discharge their duties and responsibilities more effectively.

The Directors are encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

All Directors have attended the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities. The details of training attended by Directors during the FYE 2023 are as follows:-

Name of Directors	Training / Courses Attended
Azura Binti Azman	- Training on ESG Awareness and Trends in ESG Reporting - Mandatory Accreditation Programme (MAP) - Capital Market Director Programme - Board's Role in Liquidity Risk Management and Board's Role in Asset-Liability Management (ALM) - Security Commission's Audit Oversight Board (AOB) Conversation with Audit Committees - ESG gap analysis and awareness on ABMS MS ISO 37001:2016
Elaine Law Soh Ying	- Mandatory Accreditation Programme (MAP) - Renewal of Trade Mark Agent Course (Bil 1/2023)

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

2. BOARD COMPOSITION (CONT'D)

Directors' Continuous Professional Development (Cont'd)

Name of Directors	Training / Courses Attended
Ng Kok Ken	- Mandatory Accreditation Programme (MAP)
Dr Teoh Pek Loo	- Mandatory Accreditation Programme (MAP)

Apart from attending training programmes and workshops, the Board receives updates of the ACE LR of Bursa Securities from the Company Secretary from time to time. The External Auditors also briefed the Directors on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the FYE 2023.

3. NOMINATING COMMITTEE AND REMUNERATION COMMITTEE

The Board has on 1 December 2022 established the NC and RC to assists the Board in ensuring the continuity of an effective Board. The NC and RC comprises solely INEDs as follows:-

<u>NOMINATING COMMITEE</u>

CHAIRMAN	Dr. Teoh Pek Loo
MEMBERS	Elaine Law Soh Ying Ng Kok Ken

Details of the function of the NC, its TOR and summary of activities for the FYE 2023 are stipulated in the NC Report within this Annual Report.

<u>REMUNERATION COMMITTEE</u>

CHAIRMAN	Elaine Law Soh Ying
MEMBERS	Ng Kok Ken Dr. Teoh Pek Loo

Details of the function of the RC, its TOR and summary of activities for the FYE 2023 are stipulated in the RC Report within this Annual Report.

Board Assessment and Evaluation

The NC has on 28 February 2024 conducted an annual review and assessment on the effectiveness and performance of the Board, Board Committees and individual Directors for the FYE 2023. Facilitated by the Company Secretaries, the assessment was conducted in both self-evaluation and peers' evaluation approaches.

Based on the results of the Board assessment for the FYE 2023, both the Board and NC are satisfied with the current mix of skills and experience of the Board and the respective Board Committees as a whole had met the requirements of the Company and the overall performance of the Board, the Board Committees and the members of the Board was effective and satisfactory. The results form the basis of recommending the Retiring Directors for re-election at the forthcoming AGM.

In considering independence, the NC also conducted an annual review on the level of independence of each INED to ensure alignment with the Company's objectives, strategic goals and compliance with ACE LR of Bursa Securities.

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

3. NOMINATING AND REMUNERATION COMMITTEE (CONT'D)

Directors' Remuneration

The RC is tasked to review and assess the remuneration packages, reward structure and benefits applicable to the Executive Directors ("EDs") and KSM and on an annual basis and makes recommendations to the Board for approval. The Company has on 1 December 2022 established a Remuneration Policy, which is accessible on the Company's website at www.kjts.com.my.

The RC may obtain independent advice in establishing the level of remuneration for the EDs and KSM. The remuneration packages of EDs and KSM comprise a base salary and benefits as well as bonuses. The level of remuneration of the EDs and KSM takes into consideration the following:-

(i) technical competency, skills, expertise and experience;
(ii) qualification and professionalism;
(iii) integrity;
(iv) roles and responsibilities;
(v) Company's performance in managing material sustainability risks and opportunities; and
(vi) aligned with the business and risks strategies, and long-term objectives of the Group.

A fair, reasonable and competitive remuneration package was provided to the EDs and KSM to ensure that the Company attracts and retains high calibre EDs and KSM who have the skills, experience and knowledge to increase entity value for the benefit of all shareholders.

The remuneration of the INEDs comprises annual directors' fees and reimbursement of expenses for their services in connection with Board and Board Committee meetings, which is subject to annual shareholders' approval at the AGM of the Company. The level of remuneration should reflect the experience and level of responsibilities undertaken by the particular INED.

EDs are not involved in discussions to decide on their remuneration. Further, Directors who are shareholders and controlling shareholders are required to abstain from voting on the resolution to approve Directors' fees at the AGM.

The details of the aggregate remuneration of Directors on the named basis for the FYE 2023 (Company and Group basis) are disclosed as below:-

Company

Directors	Fee (RM'000)	Allowances (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Other emoluments [1] (RM'000)	Total (RM'000)
Azura Binti Azman	24	-	-	-	-	-	24
Lee Kok Choon	-	-	-	-	-	-	-
Sheldon Wee Tah Poh	-	-	-	-	-	-	-
Ng Kok Ken	24	-	-	-	-	-	24
Elaine Law Soh Ying	24	-	-	-	-	-	24
Dr. Teoh Pek Loo	24	-	-	-	-	-	24

Group

Directors	Fee (RM'000)	Allowances (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Other emoluments [1] (RM'000)	Total (RM'000)
Azura Binti Azman	24	-	-	-	-	-	24
Lee Kok Choon	40	12	740	-	13	93	898
Sheldon Wee Tah Poh	40	12	740	-	13	97	902
Ng Kok Ken	24	-	-	-	-	-	24
Elaine Law Soh Ying	24	-	-	-	-	-	24
Dr. Teoh Pek Loo	24	-	-	-	-	-	24

[1] These comprise contributions to Employees Provident Fund, Social Security Organisation, Employment Insurance System, insurance premiums and medical benefits.

Corporate Governance Overview Statement (Cont'd)

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

3. NOMINATING AND REMUNERATION COMMITTEE (CONT'D)

Key Senior Management's Remuneration

The Board acknowledged the need for transparency in the disclosure of its KSM's remuneration. Nonetheless, the Board is of the opinion that such disclosure might be detrimental to the Group's business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for candidates with the requisite expertise, knowledge and relevant professional experience is the norm.

As such, the Board has opted for an alternative approach to disclose the KSM's remuneration in the band of RM50,000.

The total remuneration for KSM including salary, bonus, incentives, defined contributions, benefits-in-kind and other emoluments within the RM50,000 bands for the FYE 2023 is presented as follows:-

	Salary (RM'000)	Allowances (RM'000)	Bonus (RM'000)	Benefits (RM'000)	Other emoluments [1] (RM'000)	Total (RM'000)
Wong Nai Chien	250-300	0-50	-	0-50	0-50	300-350
Sarmila A/P Muniandy	150-200	0-50	-	0-50	0-50	200-250
Adrian Lim Hock Heng	200-250	0-50	-	0-50	0-50	300-350
Yap Yew Cheong	100-150	0-50	-	0-50	0-50	150-200

(1) These comprise contributions to Employees Provident Fund, Social Security Organisation, Employment Insurance System, insurance premiums and medical benefits.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC comprises three (3) members, all of whom are INEDs as follows:-

CHAIRMAN	Ng Kok Ken
MEMBERS	Elaine Law Soh Ying Dr. Teoh Pek Loo

The ARMC assists the Board in reviewing the Group's financial reporting process and accuracy of its financial results and scrutinising information for disclosure to ensure reliability and compliance with the applicable financial reporting standards. The ARMC reviewed the unaudited quarterly financial reports and annual financial statements of the Group prior to recommendation of the same to the Board for approval and submission to Bursa Securities.

The Chairman of ARMC, who is a member of the Malaysian Institute of Accountants ("MIA"), is distinct from the Chairman of the Board. All members of the ARMC have a solid understanding of the Group's operations, are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities within the ARMC's purview, including the financial reporting process, internal control and risk management systems and the systems of compliance with the applicable regulations, rules, directives, and guidelines.

Detailed information regarding the duties and responsibilities, meeting and attendance, summary of work of ARMC and the internal audit function are set out in pages 71 to 72 of this Annual Report.

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

1. AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

Assessment of Suitability and Independence of External Auditors

The Board on its own and through the ARMC established a transparent and appropriate relationship with its External Auditors, Messrs. UHY ("UHY"). Regular and unrestricted communication exists between the ARMC and UHY.

UHY had provided written assurance to the ARMC that they are and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the terms of relevant professional and regulatory requirements.

In addition, the audit partner of UHY is regulated by the MIA guidelines in which the audit partner is subject to a seven-year rotation to ensure independence of External Auditors.

The ARMC had on 28 February 2024 undertook an annual assessment on the suitability, objectivity and independence of UHY for the FYE 2023 in accordance with the Company's External Auditors Assessment Policy. Having assessed their performance, the ARMC was satisfied with the quality, performance, suitability, objectivity and independence of UHY and recommended their re-appointment to the Board, upon which shareholders' approval will be sought at the forthcoming AGM.

Risk Management and Internal Control framework

The Board regards risk management and internal control as an integral part of the overall management processes in the Group to safeguard shareholders' interests.

The Board has formalised a risk management and internal control framework to enable management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

The Board is assisted by ARMC in discharging its roles and responsibilities to oversee the effectiveness and adequacy of the risk management and internal control system of the Group. To maintain total independence in the management of the Group's internal control environment and ensure compliance with the ACE LR of Bursa Securities, the internal audit function of the Company is outsourced to Baker Tilly Monteiro Heng Governance Sdn. Bhd. ("Baker Tilly"), an independent professional services provider which is free from any relationships or conflict of interest that could impair their objectivity and independence.

Baker Tilly reports directly to the ARMC and assists the ARMC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes.

Further details pertaining to the review on the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control on pages 68 to 70 this Annual Report.

Corporate Governance Overview Statement (Cont'd)

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

1. ENGAGEMENT WITH STAKEHOLDERS

The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence has adopted a Corporate Disclosure Policies and Procedures ("CDPP"). The policy is aimed at developing an effective Investor Relations programme and strategy to communicate fairly and accurately, the corporate vision, strategies, developments, financial results and prospects to investors, the financial community, media and other stakeholders.

The CDPP serves as a guide to promote and demonstrate a high standard of integrity and transparency through timely, accurate, quality and full disclosure. The Board has identified spokespersons in the handling and disclosure of material information.

As governed by the CDPP, the relevant Directors, KSM and employees who may be regarded as insiders are not to trade on the basis of material information which is not known to the investing public and to tip-off or inform another person of such information. No insider trading was reported during the FYE 2023.

The Board is committed to achieve timely and high-quality disclosure in accordance with the spirit, intention and purpose of the applicable regulatory requirements. The Board has adopted the following communication channels:

(i) Corporate Website

- The Company's corporate website, www.kjts.com.my is accessible to the public and serves as another platform to communicate with the shareholders, investors and the general public.
- The Board has established dedicated sections on the Company's corporate website which channel the updates on the Company's announcements, Annual Reports, corporate governance matters as well as other corporate information for the stakeholders to make informed decisions on the business of the Group.

(ii) Annual Report and Quarterly Financial Results

- The Annual Report provides comprehensive and updated information on the Group.
- In addition, the Company announces its quarterly financial results immediately after the financial results are approved at the Board Meeting. This is important in ensuring that equal and fair access to information is provided to the investing public, so that the investors are able to make informed decisions.

(iii) Engagement Sessions with Stakeholders

- The Company conducts regular dialogues with financial analysts as a means of effective communication.
- The Company ensures that the time interval between the analysts' briefing session and the release of quarterly financial report is timely to maintain interest amongst analysts.
- The Company's Investor Relations Department plays an important role in providing ongoing updates on the Group by conducting regular dialogues and discussions with fund managers, financial analysts and shareholders.
- Any enquiries on investor-related matters may be directed to ir@kjts.com.my and all relevant and appropriate issues raised will be addressed accordingly.

(iv) AGM

- The Board recognises the importance of the AGM which serves as the principal forum for dialogue and interaction between the Board and shareholders. The Company will conduct its forthcoming AGM by way of virtual meeting through live streaming to foster effective communication between the Board, Management and shareholders.
- The Company encourages full participation of shareholders at the AGM to ensure a high level of accountability and discussion of the Company's strategy and goals.
- The Company will invite the External Auditors to attend the AGM and be available to answer to shareholders' questions about the conduct of the audit and the preparation of the auditors' report.

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

2. CONDUCT OF ANNUAL GENERAL MEETINGS

The AGM is the principal forum for dialogue and communication with shareholders.

Shareholders are encouraged to attend the AGM as it remains an interactive platform for shareholders to engage directly with the Board and gain insights on the Group's business activities as well as financial position.

In line with Practice 13.1 of MCCG, the notice and agenda of the Second AGM will be sent to the shareholders at least twenty-eight (28) days before of the date of AGM to enable shareholders to have sufficient time consider the resolutions that will be discussed and decided at the Second AGM.

At the AGM, shareholders will be given the opportunity to pose questions regarding resolutions being proposed before voting as well as matters relating to the Group's operations.

All resolutions set out in the Notice of the Second AGM will be voted by electronic polling and an independent scrutineer will be appointed by the Company to validate the poll results. The outcome of all resolutions proposed at the Second AGM will be announced to Bursa Securities thereafter.

The minutes and the key matters discussed at the general meetings will be published on the Company's website as soon as practicable upon being reviewed by the Board members and approved by the Chairman.

After AGM, a press release will be disseminated to members of media, for opportunities to the media to engage with the Board, to interview and raise any questions of their concern regarding the business of the Group.

FUTURE PRIORITIES IN KEY AREAS OF CORPORATE GOVERNANCE PRACTICES

As part of the Company's preparation for listing on the ACE Market of Bursa Securities, the Board has established and adopted various Board policies, as part of its efforts to align the Company's corporate governance with the latest regulatory requirements.

Looking ahead to the Financial Year 2024, the Board aims to enhance the quality of conflict of interest disclosures of Directors and KSM and promote greater governance practices and accountability in relation to managing conflicts of interest within the Group.

This CG Overview Statement was approved by the Board on 16 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 26 January 2024 ("Listing"). As part of the Listing exercise, the Company has undertaken a Public Issue of 218,027,200 new ordinary shares at an issue price of RM0.27 per share, raising gross proceeds of RM58.87 million ("IPO Proceeds").

The status of the utilisation of the IPO Proceeds as of 1 April 2024 is as follows:

Purpose of Utilisation	Proposed Utilisation RM'000	Amount Utilised RM'000	Balance to be Utilised RM'000	Estimated Timeframe for Utilisation upon Listing
Business expansion				
- Expansion of Cooling Energy Segment	40,417	-	40,417	Within 36 months
- Expansion of offices in Malaysia, Thailand and Singapore	4,500	-	4,500	Within 12 months
Working capital	8,118	545	7,573	Within 12 months
Defraying the listing expenses	5,832	5,832	-	Within 1 month
Total	**58,867**	**6,377**	**52,490**	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 5 January 2024.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditor's firm by the Group and the Company for the FYE 2023 are set out as below:

	Group (RM)	Company (RM)
Statutory audit - UHY	176,000	60,000
Statutory audit - Member firm of UHY International	45,992	-
Statutory audit - Other auditor	62,904	-
Non statutory audit - UHY[(1)]	5,000	5,000
Non statutory audit - Other auditor[(1)]	32,763	-
	322,659	**65,000**

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

3. LONG-TERM INCENTIVE PLAN ("LTIP")

On 23 January 2024, the Company has established a LTIP comprising the executives' share option scheme ("ESOS") and executives' share grant scheme ("ESGS"). The ESOS involves the granting of ESOS options whereas the ESGS involves the granting of ordinary shares in the Company, to the eligible executive directors and eligible executives of the Group who fulfil the conditions of eligibility as stipulated in the by-laws governing the LTIP.

The LTIP will be in force for a period of 5 years from 23 January 2024.

As the Company was only listed after the financial year under review, no ESOS option or ordinary share under the ESGS was granted as of 31 December 2023.

Additional Compliance Information (Cont'd)

4. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, chief executive or major shareholders of the Company during the FYE 2023;

i. a share sale agreement dated 2 December 2022 was entered into between the Company, Lee Kok Choon, and Sheldon Wee Tah Poh concerning the acquisition of the entire issued share capital of KJ Technical Services Sdn. Bhd. The consideration for this was RM30,361,993.54, to be settled by issuing 469,999,900 new ordinary shares in KJTS at an issue price of RM0.0646 per share. This agreement was terminated on 26 April 2023 following the subscription by Yeow Boon Siang, as stated in the termination letter dated the same day; and

ii. a share sale agreement dated 29 May 2023 was entered into between the Company and the vendors of KJ Technical Services Sdn. Bhd. (Lee Kok Choon, Sheldon Wee Tah Poh and Yeow Boon Siang) for the acquisition of the entire share capital of KJ Technical Services Sdn. Bhd. for a purchase consideration of RM41,827,570.30, wholly satisfied by the issuance of 469,972,700 new ordinary shares in KJTS at an issue price of RM0.0890 per share, which was completed on 13 December 2023.

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

The Company did not seek any shareholders' mandate in respect of RRPT.

NOMINATING COMMITTEE REPORT

Our Board of Directors ("Board") is pleased to present the Nominating Committee ("NC") Report for the financial year ended 31 December 2023 ("FYE 2023").

Composition

The NC comprises three (3) members, whom are exclusively Independent Non-Executive Directors.

The composition of the NC are as follows:

Name	Designation	Directorship
Dr. Teoh Pek Loo	Chairman	Independent Non-Executive Director
Elaine Law Soh Ying	Member	Independent Non-Executive Director
Ng Kok Ken	Member	Independent Non-Executive Director

Meeting and Attendance

The Company was listed on the ACE Market of Bursa Securities on 26 January 2024 and the first NC meeting was held on 28 February 2024 subsequent to the FYE 2023.

Terms of Reference

The duties and responsibilities of the NC are set out in the TOR of the NC, which are available on the Company's website at www.kjts.com.my.

Summary of Activities of the NC

During the FYE 2023, the following activities were carried out by the NC:-

(i) Reviewed the adoption of Directors' Fit and Proper Policy;
(ii) Reviewed the adoption of the Gender Diversity Policy; and
(iii) Reviewed the re-election of Directors at the First Annual General Meeting.

REMUNERATION COMMITTEE REPORT

Our Board of Directors ("Board") is pleased to present the Remuneration Committee ("RC") Report for the financial year ended 31 December 2023 ("FYE 2023").

Composition

The RC comprises three (3) members, whom are exclusively Independent Non-Executive Directors.

The composition of the RC are as follows:

Name	Designation	Directorship
Elaine Law Soh Ying	Chairman	Independent Non-Executive Director
Dr. Teoh Pek Loo	Member	Independent Non-Executive Director
Ng Kok Ken	Member	Independent Non-Executive Director

Meeting and Attendance

The Company was listed on the ACE Market of Bursa Securities on 26 January 2024 and the first RC meeting was held on 28 February 2024 subsequent to the FYE 2023.

Terms of Reference

The Terms of Reference of the RC is available on the Company's website at www.kjts.com.my.

Summary of Activities of the RC

During the FYE 2023, the following activities were carried out by the RC:-

(i) Reviewed the adoption of the Remuneration Policy;
(ii) Reviewed the proposed Directors' Fees for the Independent Non-Executive Directors of the Company;
(iii) Reviewed the proposed Directors' Remuneration for the Executive Directors for the FYE 2023; and
(iv) Reviewed the proposed Remuneration of the Key Senior Management for the FYE 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors of KJTS Group Berhad ("Board") is pleased to present this Statement on Risk Management and Internal Control ("Statement") of KJTS Group Berhad and its subsidiaries (collectively the "Group") prepared in accordance with Paragraph 15.26(b) of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Code of Corporate Governance and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and the Malaysian Code on Corporate Governance.

Board Responsibilities

The Board acknowledges its responsibility and re-affirms its commitment to maintaining sound systems of risk management and internal control to promote good corporate governance, safeguard stakeholders' interest and the Group's assets as well as to review the adequacy and effectiveness of these systems.

The Board has delegated the review of the adequacy, effectiveness and integrity of the risk management and internal control systems to the Audit and Risk Management Committee ("ARMC"), which keeps the Board informed of any significant issues arising from the risk management and internal control systems of the Group that has been brought to the attention of the ARMC by the management, the Internal Auditors and the External Auditors.

Due to the inherent limitations in any system of risk management and internal control, the Board recognises that such systems are designed to manage rather than to eliminate all the risks that may hinder the Group from achieving its business objectives. As such, the systems could only provide reasonable but not absolute assurance against the risks of material misstatement of financial information, financial losses and fraud or breaches of laws or regulations. The Board remains responsible for the governance of risk and all the actions of the ARMC with regard to the execution of delegated oversight in responsibilities.

Risk Management

Risk management is an integral part of business operations and this process goes through a review process by the Board. This is to ensure that all high risks are adequately addressed at various levels within the Group.

The Group has in place a risk management framework as an ongoing process for identifying, analysing, managing and monitoring risks faced by the Group. The risk management process includes identifying significant risks and assessing the likelihood of occurrence, impact and severity of each risk identified. Appropriate mitigating, reporting and monitoring measures are proposed to manage the risks. The Group Managing Director, Group Executive Director and Heads of Departments are delegated with the responsibility to manage identified risks within defined parameters and standards.

The duties and responsibilities of the ARMC in relation to risk management are as follows:

(i) To ensure that an appropriate risk reporting structure is established to facilitate reporting of risk to management and the Board and oversee the Group's overall risk management framework and policies.
(ii) To review and assess the adequacy and effectiveness of risk management policies and framework in identifying, managing, monitoring, treating and mitigating significant risks and the extent to which these are operating effectively.
(iii) To ensure infrastructure, resources and systems are in place for risk management, i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of the risk-originating activities of the Group (where applicable).
(iv) To review periodic risk assessment and business exposures reports from the respective business units of the Group (where applicable) on risk exposures, risk portfolio compositions and risk management activities.

Management meetings and/or discussions will be held regularly to ensure that the risks faced by the Group are monitored and the existing mitigating actions are adequate. During these meetings, the key risks and corresponding controls implemented will be deliberated, reviewed, communicated and agreed upon.

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

Internal Control System

In carrying out their responsibilities, all key management staff are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to day business and decision-making process.

The Group has incorporated various key elements into its system of internal control that enables the Management to ensure that established policies, guidelines and procedures are followed and complied with among which includes the following:

- ***Limits of Authority***

  A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval. The authority limits are subject to periodic review to ensure their suitability for continued implementation.

- ***Policies and Procedures***

  Documented internal policies and procedures are in place to ensure compliance with internal controls and the relevant rules and regulations. These are reviewed regularly to ensure that the gaps in controls are addressed and where required, revised to meet the business condition.

- ***Code of Conduct and Ethics***

  A Code of Conduct and Ethics practices strict commitment to high standards of legal compliance as well as business ethics and expects all employees to adhere to these standards.

- ***Whistleblowing Policy***

  A Whistleblowing Policy is established to provide an avenue for employees and other stakeholders to report any breach or suspected breach of any law or regulation in a safe and confidential manner.

- ***Anti-Bribery and Anti-Corruption Policy***

  An Anti-Bribery and Anti-Corruption Policy is established to call for commitment from all stakeholders to uphold the highest standards of ethical conduct, integrity and accountability in our business activities and operations.

Internal Audit Function

In preparation for the listing of the Company on the ACE Market of Bursa Securities, the Group had engaged Baker Tilly Monteiro Heng Governance Sdn. Bhd. ("Baker Tilly") as the Internal Control Review Consultant to review the adequacy and sufficiency of the systems, procedures, and controls of the Group.

Subsequent to the listing on 26 January 2024, the Group has outsourced the internal audit function to Baker Tilly. No internal audit work was performed for the financial year ended 31 December 2023 ("FYE 2023") as Baker Tilly was only recently appointed. Nevertheless, the internal audit function has adopted a risk-based approach and prepared an internal audit plan based on risk profile of the Group for the financial year ending 31 December 2024. The internal audit plan has been reviewed and approved by the ARMC and the Board on 28 February 2024 and 15 March 2024. No internal audit cost was incurred during the FYE 2023.

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

Assurance

The Board has received assurances from the Group Managing Director, Group Executive Director and Group Chief Financial Officer, to the best of their knowledge and belief, that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, to meet the Group's objectives during the financial year under review until the date of this Statement. There are no significant areas of concern that may affect the financial, operational and compliance controls.

Review of this Statement By External Auditors

As required by Rule 15.23 of the ACE LR of Bursa Securities, the External Auditors, UHY has reviewed this Statement for inclusion in this Annual Report 2023. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board of Directors and management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the of the Guideline, nor is factually inaccurate.

Conclusion

The Board is of the view that the Group's risk management and internal control systems in place for FYE 2023, and up to the date of approval of this Statement, is adequate and effective to safeguard the stakeholders' interest and the Group's assets. This Statement was approved by the Board on 16 April 2024.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Our Board of Directors ("Board") is pleased to present the Audit and Risk Management Committee ("ARMC") Report for the financial year ended 31 December 2023 ("FYE 2023") in compliance with Rule 15.15 of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The ARMC assists our Board in its oversight of the Group's financial reporting, internal audit, risk management and internal control, related party transactions and recurrent related party transactions as well as in the area of corporate governance.

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("MCCG") which contains best practices and guidelines for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture.

COMPOSITION

The ARMC comprises three (3) members, whom are exclusively Independent Non-Executive Directors and each satisfied the "independence" requirements contained under the ACE LR of Bursa Securities. The ARMC meets the requirements of Rule 15.09(1)(a) and (b) of the ACE LR.

The composition of the ARMC are as follows:

Name	Designation	Directorship
Ng Kok Ken	Chairman	Independent Non-Executive Director
Elaine Law Soh Ying	Member	Independent Non-Executive Director
Dr. Teoh Pek Loo	Member	Independent Non-Executive Director

All the ARMC members are financially literate and have contributed to meaningful discussions in overseeing the integrity of the Group's accounting and financial reporting matters. The Chairman of the ARMC, Ng Kok Ken, is a member of the Malaysian Institute of Accountants since July 2014. Hence, the composition of the ARMC complies with the requirements of Rule 15.09(1)(c)(i) of the ACE LR.

The Nominating Committee has assessed the term of office and performance of the ARMC and each of its members for FYE 2023 and was satisfied that each of them have discharged their duties effectively in accordance with the ARMC's Terms of Reference ("TOR"). The result of the ARMC performance assessment for FYE 2023 was reported to the Board.

Meeting and Attendance

The ARMC held one meeting during the FYE 2023 before its listing on the ACE Market of Bursa Securities which was on 26 January 2024. The ARMC meetings were appropriately structured through the use of agendas, which were distributed to members prior to the meetings. The meeting attendance of the ARMC members is as follows:

	Meeting Attended
Ng Kok Ken	1/1
Elaine Law Soh Ying	1/1
Dr. Teoh Pek Loo	1/1

Key Senior Management ("KSM"), the External Auditors were invited to the mentioned meeting to brief the ARMC in order to facilitate direct communication on matters under the consideration of the ARMC. Our Chairman of the ARMC, reports on the matters discussed at every ARMC meeting and the ARMC's recommendations, to our Board for consideration after each ARMC meeting. All deliberations during the ARMC meetings were minuted and distributed to our Board members for notation after they were confirmed at each succeeding ARMC meeting.

Terms of Reference

The duties and responsibilities of the ARMC are set out in the TOR of the ARMC, which are available on the Company's website at www.kjts.com.my.

Audit & Risk Management Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF THE ARMC

During the FYE 2023, the following activities were carried out by the ARMC:

1. Reviewed the adoption of External Auditors Assessment Policy;
2. Reviewed the Audited Financial Statements for the financial year ended 31 December 2022;
3. Reviewed the amendments to the TOR of the ARMC;
4. Reviewed the Special Audit of the Financial Statements for the period ended 31 July 2023;
5. Reviewed the Audit Planning Memorandum for the FYE 2023 with the External Auditors; and
6. Reviewed the Unaudited Quarterly Results for the period ended 30 September 2023.

Internal Audit Function

In preparation for the listing of the Company on the ACE Market of Bursa Securities, the Group had engaged Baker Tilly Monteiro Heng Governance Sdn. Bhd. ("Baker Tilly") as the Internal Control Review Consultant to review the adequacy and sufficiency of the systems, procedures, and controls of the Group.

Subsequent to the listing on 26 January 2024, the Group has outsourced the internal audit function to Baker Tilly. No internal audit work was performed for the FYE 2023 as Baker Tilly was only recently appointed. Nevertheless, the internal audit function has adopted a risk-based approach and prepared an internal audit plan based on risk profile of the Group for the financial year ending 31 December 2024. The internal audit plan has been reviewed and approved by the ARMC and the Board on 28 February 2024 and 15 March 2024. No internal audit cost was incurred during the FYE 2023.

The ARMC Report was approved by the Board on 16 April 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY

As Directors of KJTS Group Berhad, we acknowledge our responsibility for the integrity and accuracy of the financial and other information included in our Company's Annual Report, interim reports and other financial disclosures. We confirm that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the results and cash flows of the Group and of the Company for the financial year then ended. We have implemented and maintained internal controls to ensure the reliability of financial reporting and the safeguarding of Company assets. We have disclosed all relevant information regarding significant risks and other matters that may affect the Group's and the Company's performance or financial position. We have complied with all applicable laws, regulations, and corporate governance requirements in the preparation and presentation of the financial statements and other disclosures.

This statement is made in accordance with our duties as Directors and is based on our understanding of the Group's and the Company's operations and financial position. We acknowledge our responsibility to shareholders, regulators and other stakeholders to maintain the highest standards of corporate governance and transparency.

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DIRECTORS' REPORT

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

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

Financial Results

	Group RM	Company RM
Net profit for the financial year	7,327,790	1,834,584
Attributable to:		
Owners of the parent	8,123,025	1,834,584
Non-controlling interests	(795,235)	-
	7,327,790	1,834,584

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial period. The Directors do not recommend the payment of any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid-up share capital from 100 to 469,972,800 ordinary shares by way of issuance of 469,972,700 new ordinary shares at an issue price of RM0.089 each per share for a total cash consideration of RM41,827,570 for the acquisition of the entire issued and paid-up share capital of KJ Technical Services Sdn. Bhd..

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

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

Directors

The Directors of the Company in office since the beginning of the current financial year until the date of this report are:

Lee Kok Choon*
Sheldon Wee Tah Poh*
Azura Binti Azman
Elaine Law Soh Ying
Ng Kok Ken
Dr. Teoh Pek Loo

** Director of the Company and its subsidiaries*

Directors (Cont'd)

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the current financial year until the date of this report are:

Angelina Corrina Fernandez
Chin Kong Weng
Kitti Chungsawanan
Kijja Chingsawanant
Pradip Kumar Padmasan Menon
Sarmila A/P Muniandy
Tan Hui Sean
Chua Guat Kwee
Kevin Gerard Quinn
Nuthanun Katanyoosempong (Resigned on 1.6.2023)

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part thereof.

Directors' Interests

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

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Interests in the Company				
Direct Interests				
Lee Kok Choon	49	218,118,518	-	218,118,567
Sheldon Wee Tah Poh	49	218,118,518	-	218,118,567

By virtue of their interests in the shares of the Company, Lee Kok Choon and Sheldon Wee Tah Poh are also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 34(b) to the financial statements.

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

Directors' Report (Cont'd)

Directors' Remuneration

The details of the Directors' remuneration of the Group and of the Company during the financial year ended 31 December 2023 are as follows:

	Group RM	Company RM
Executive Directors		
Fees	80,000	-
Salaries and other emoluments	3,393,185	-
Defined contribution plans	397,164	-
Social security contributions	5,349	-
Employment insurance scheme	456	-
Other employee benefits	8,322	-
	3,884,476	-
Non-Executive Directors		
Fees	96,000	96,000
	3,980,476	96,000

The Group's and the Company's Directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM26,650 and RMNil respectively.

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

   (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

   (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the result of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

Subsidiaries

The details of the subsidiaries are disclosed in Note 7 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 39 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration for the financial year ended 31 December 2023 are as follows:

	Group RM	**Company RM**
Auditors' Remuneration		
- Statutory audit - UHY	176,000	60,000
- Statutory audit - Member firm of UHY International	45,992	-
- Statutory audit - Other auditor	62,904	-
- Non-statutory audit - UHY	5,000	5,000
- Non-statutory audit - Other auditor	32,763	-
	322,659	60,000

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 April 2024.

LEE KOK CHOON **SHELDON WEE TAH POH**

KUALA LUMPUR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of KJTS Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 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 dated 16 April 2024.

LEE KOK CHOON **SHELDON WEE TAH POH**

KUALA LUMPUR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Lee Kok Choon, being the Director primarily responsible for the financial management of KJTS Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 16 April 2024)

LEE KOK CHOON

Before me,

COMMISSIONER OF OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KJTS GROUP BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KJTS Group Berhad, which comprise the statements of financial position as at 31 December 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 financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 85 to 153.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial 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 report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How we addressed the key audit matters
Revenue and cost recognition for construction contracts	
The Group is involved in construction contracts which span more than one accounting period. The revenue from construction contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation by reference to the costs incurred to date as a percentage of the estimated total costs of the project. We identified revenue and construction costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction costs.	We obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition for construction contracts and performed procedures to evaluate design and implementation of such controls. We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers.* We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and potential impairment losses.

Independent Auditors' Report

To the members of KJTS Group Berhad

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
Revenue and cost recognition for construction contracts (Cont'd)	
Key management judgements include: (a) Estimating the budgeted costs to complete the project; (b) The future profitability of the project; and (c) The percentage of completion at the end of the reporting period. Changes in these judgements could lead to a material change in the value of revenue recognised.	In relation to construction costs, we, amongst others and where applicable: • We agreed this to original signed contracts, letter of awards and approved variation orders. • We evaluated the project progress and recovery of cost to supporting evidences including but not limited to verification of third-party surveyors' certificates, progress report and interviews with project team. • We reviewed management's workings on the computation of percentage of completion. In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to sub-contractors' contracts. We verified the construction costs incurred to date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date. We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers*.
Impairment on concession receivables, trade receivables, other receivables and contract assets	
The Group's concession receivables, trade receivables, other receivables and contract assets amounting to RM13 million, RM22 million, RM11 million and RM10 million, representing approximately 16%, 28%, 13% and 12% of the Group's total assets respectively as at 31 December 2023. We focused on this area due to the Group has significant concession, trade and other receivables and contract assets as at 31 December 2023 and it is subject to credit risk exposure. The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. This is considered a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of receivables and contract assets.	We have reviewed the Group's receivables to determine whether are there any indication of impairment. Our impairment review is focused towards receivables which are overdue but not impaired as at 31 December 2023. We assessed the reasonableness of the methods and assumptions used by the management in estimating the recoverable amount and impairment loss both specific impairment and expected credit loss. We also tested the accuracy and completeness of the data used by the management. We developed our understanding on receivables which poses a high risk of default through reviewing the receivables ageing analysis, discussion with the Group's management. We reviewed the adequacy of the impairment loss and enquired the management regarding the recoverability of samples of trade receivables that are individually significant and group of receivables with similar credit risk characteristics. We examined the repayment patterns and obtained evidence of cash receipts where these have been received.

We have determined that there is no key audit matters 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 other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatements 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 override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report
To the members of KJTS Group Berhad

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

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: (Cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

YEOH AIK CHUAN
Approved Number: 02239/07/2024 J
Chartered Accountant

KUALA LUMPUR
16 April 2024

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Group		Company	
		2023	2022*	2023	2022
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	1,336,976	1,100,329	-	-
Right-of-use assets	5	912,973	904,258	-	-
Investment properties	6	850,000	908,764	-	-
Investment in a subsdiary	7	-	-	41,827,570	-
Investment in associates	8	823,396	867,099	-	-
Goodwill on consolidation	9	1,808,278	1,808,278	-	-
Concession receivables	10	10,505,502	12,384,444	-	-
Other receivables	11	58,401	-	-	-
Tax recoverable		125,056	-	-	-
		16,420,582	17,973,172	41,827,570	-
Current Assets					
Inventories	12	98,357	-	-	-
Other investments	13	1,626	1,570	-	-
Concession receivables	10	2,293,336	2,138,263	-	-
Trade receivables	14	22,219,358	16,437,361	-	-
Other receivables	11	10,657,461	7,699,111	5,429,382	1,120,334
Contract assets	15	9,782,853	7,370,411	-	-
Amount due from associates	16	4,649,479	3,397,806	-	-
Tax recoverable		737,750	126,327	-	-
Deposits, bank and cash balances	17	13,911,926	10,046,868	100	100
		64,352,146	47,217,717	5,429,482	1,120,434
Total Assets		80,772,728	65,190,889	47,257,052	1,120,434
EQUITY					
Share capital	18(i)	41,827,670	100	41,827,670	100
Invested equity	18(ii)	-	750,000	-	-
Reserves	19	(34,282,324)	262,759	-	-
Retained earnings		42,724,158	34,601,133	1,698,376	(136,208)
Equity attributable to owners of the parent		50,269,504	35,613,992	43,526,046	(136,108)
Non-controlling interests		(277,918)	453,679	-	-
Total Equity		49,991,586	36,067,671	43,526,046	(136,108)

Statements of Financial Position
As at 31 December 2023

		Group		Company	
		2023	2022*	2023	2022
	Note	RM	RM	RM	RM
LIABILITIES					
Non-Current Liabilities					
Bank borrowings	20	2,891,472	3,600,929	-	-
Lease liabilities	21	373,865	308,580	-	-
Employee benefit obligations	22	95,170	162,880	-	-
Deferred tax liabilities	23	17,224	21,677	-	-
		3,377,731	4,094,066	-	-
Current Liabilities					
Trade payables	24	10,433,572	10,971,306	-	-
Other payables	25	14,515,666	11,854,661	1,018,189	1,256,542
Contract liabilities	15	1,049,589	357,431	-	-
Amount due to a subsidiary	26	-	-	2,712,817	-
Bank borrowings	20	884,206	848,347	-	-
Lease liabilities	21	520,378	630,423	-	-
Tax payable		-	366,984	-	-
		27,403,411	25,029,152	3,731,006	1,256,542
Total Liabilities		30,781,142	29,123,218	3,731,006	1,256,542
Total Equity and Liabilities		80,772,728	65,190,889	47,257,052	1,120,434

Note:
* As disclosed in Note 39 to the financial statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented, i.e. 1 January 2022 for the financial year ended 31 December 2022.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR 31 DECEMBER 2023

		Group		Company	
	Note	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022* RM	1.1.2023 to 31.12.2023 RM	3.6.2022 to 31.12.2022 RM
Revenue	27	119,904,155	94,437,730	2,181,600	-
Cost of sales		(92,285,255)	(71,705,833)	-	-
Gross profit		27,618,900	22,731,897	2,181,600	-
Other income		1,323,023	1,039,587	-	-
Administrative expenses		(19,565,041)	(14,830,467)	(347,016)	(136,208)
Changes on impairment of financial instruments and contract assets		(42,677)	37,232	-	-
Profit/(Loss) from operations		9,334,205	8,978,249	1,834,584	(136,208)
Finance costs	28	(299,430)	(246,679)	-	-
Share of results of associates, net of tax		(33,438)	(10,902)	-	-
Profit/(Loss) before tax	29	9,001,337	8,720,668	1,834,584	(136,208)
Taxation	30	(1,673,547)	(1,564,969)	-	-
Profit/(Loss) for the financial year/period		7,327,790	7,155,699	1,834,584	(136,208)
Other comprehensive income/(loss)					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		461,659	220,296	-	-
Share of other comprehensive loss of an associate		(10,265)	(3,315)	-	-
Other comprehensive income for the financial year/period		451,394	216,981	-	-
Total comprehensive income/(loss) for the financial year/period		7,779,184	7,372,680	1,834,584	(136,208)
Profit/(Loss) for the financial year/period attributable to:					
Owners of the parent		8,123,025	6,865,977	1,834,584	(136,208)
Non-controlling interests		(795,235)	289,722	-	-
		7,327,790	7,155,699	1,834,584	(136,208)
Total comprehensive income/(loss) for the financial year/period attributable to:					
Owners of the parent		8,515,632	7,062,278	1,834,584	(136,208)
Non-controlling interests		(736,448)	310,402	-	-
		7,779,184	7,372,680	1,834,584	(136,208)
Earnings per share (sen)	31				
Basic		1.73	1.46		
Diluted		1.73	1.46		

Note:

* As disclosed in Note 39 to the financial statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented, i.e. 1 January 2022 for the financial year ended 31 December 2022.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR 31 DECEMBER 2023

	Attributable to owners of the parent							
	Non-distributable				Distributable			
	Share capital RM	Invested equity RM	Foreign currency translation reserve RM	Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group								
At 1 January 2022*/date of incorporation	2	750,000	(9,078)	-	27,735,156	28,476,080	218,846	28,694,926
Profit for the financial year	-	-	-	-	6,865,977	6,865,977	289,722	7,155,699
Other comprehensive income for the financial year	-	-	196,301	-	-	196,301	20,680	216,981
Total comprehensive incomefor the financial year	-	-	196,301	-	6,865,977	7,062,278	310,402	7,372,680
Transactions with owners:								
Changes in equity interest in a subsidiary [Note 7(c)]	-	-	-	75,536	-	75,536	(75,569)	(33)
Issuance of shares [Note 18(i)]	98	-	-	-	-	98	-	98
	98	-	-	75,536	-	75,634	(75,569)	65
At 31 December 2022	100	750,000	187,223	75,536	34,601,133	35,613,992	453,679	36,067,671

	Attributable to owners of the parent								
	Non-distributable					Distributable			
	Share capital RM	Invested equity RM	Merger reserve RM	Foreign currency translation reserve RM	Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group									
At 1 January 2023	100	750,000	-	187,223	75,536	34,601,133	35,613,992	453,679	36,067,671
Profit/(Loss) for the financial year	-	-	-	-	-	8,123,025	8,123,025	(795,235)	7,327,790
Other comprehensive income for the financial year	-	-	-	392,607	-	-	392,607	58,787	451,394
Total comprehensive income/(loss) financial year	-	-	-	392,607	-	8,123,025	8,515,632	(736,448)	7,779,184
Transaction with owners:									
Capital contribution from non-controlling interests [Note 7(e)]	-	-	-	-	-	-	-	4,851	4,851
Issuance of shares [Note 18(ii)]	-	6,139,880	-	-	-	-	6,139,880	-	6,139,880
Acquisition of a subsidiary [Notes 18(i), 18(ii) and 19]	41,827,570	(6,889,880)	(34,937,690)	-	-	-	-	-	-
	41,827,570	(750,000)	(34,937,690)	-	-	-	6,139,880	4,851	6,144,731
At 31 December 2023	41,827,670	-	(34,937,690)	579,830	75,536	42,724,158	50,269,504	(277,918)	49,991,586

Note:
* As disclosed in Note 39 to the financial statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented, i.e. 1 January 2022 for the financial year ended 31 December 2022.

Statements of Changes in Equity

For the Financial Year 31 December 2023

	Note	Share capital RM	Distributable Retained earnings RM	Total equity RM
Company				
At date of incorporation		2	-	2
Loss for the financial period, representing total comprehensive loss for the financial period		-	(136,208)	(136,208)
Transaction with owners:				
Issuance of shares	18(i)	98	-	98
At 31 December 2022		100	(136,208)	(136,108)
At 1 January 2023		100	(136,208)	(136,108)
Profit for the financial year, representing total comprehensive income for the financial year		-	1,834,584	1,834,584
Transaction with owners:				
Issuance of shares	18(i)	41,827,570	-	41,827,570
At 31 December 2023		41,827,670	1,698,376	43,526,046

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR 31 DECEMBER 2023

	Group		Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022* RM	1.1.2023 to 31.12.2023 RM	3.6.2022 to 31.12.2022 RM
Operating Activities				
Profit/(Loss) before tax	9,001,337	8,720,668	1,834,584	(136,208)
Adjustments for:				
Deposit forfeited	900	-	-	-
Depreciation of:				
- investment properties	7,539	11,236	-	-
- property, plant and equipment	620,294	636,350	-	-
- right-of-use assets	838,834	717,007	-	-
Finance costs	304,784	253,667	-	-
Impairment losses on:				
- contract assets	7,398	-	-	-
- investment properties	51,225	-	-	-
- trade receivables	58,594	87,498	-	-
Inventories written off	1,585	-	-	-
Property, plant and equipment written off	20,852	-	-	-
(Reversal of)/Provision for employee benefits	(74,950)	155,317	-	-
Dividend income from financial assets measured at fair value through profit or loss	(9)	(90)	-	-
Dividend income from a subisidary	-	-	(2,181,600)	-
Fair value gain on revaluation of financial assets measured at fair value through profit or loss	(47)	(1,006)	-	-
Gain on disposal of property, plant and equipment	-	(11,948)	-	-
Gain on early termination of lease contracts	(4,573)	-	-	-
Interest income	(191,276)	(130,285)	-	-
Reversal of impairment losses on trade receivables	(23,315)	(124,730)	-	-
Share of results of associates	33,438	10,902	-	-
Unrealised (gain)/loss on foreign exchange	(93,068)	(1,857)	806	-
Operating profit/(loss) before working capital changes	10,559,542	10,322,729	(346,210)	(136,208)
Changes in working capital:				
Inventories	(99,942)	-	-	-
Concession receivables	1,723,869	(4,028,616)	-	-
Receivables	(8,834,927)	(3,530,924)	(2,127,448)	(1,120,334)
Payables	2,092,169	(4,136,842)	(239,159)	1,256,542
Contract assets	(2,419,840)	2,183,520	-	-
Contract liabilities	692,158	209,190	-	-
Amount due from associates	(626,304)	627,365	-	-
Amount due to a subsidiary	-	-	2,712,817	-
Foreign exchange reserve	454,313	191,473	-	-
	(7,018,504)	(8,484,834)	346,210	136,208
Cash generated from operations	3,541,038	1,837,895	-	-
Interest received	132,007	90,065	-	-
Interest paid	(273,314)	(250,076)	-	-
Tax paid	(2,794,271)	(1,657,309)	-	-
	(2,935,578)	(1,817,320)	-	-
Net cash from operating activities	605,460	20,575	-	-

Statements of Cash Flows

For the Financial Year 31 December 2023

	Note	Group 1.1.2023 to 31.12.2023 RM	Group 1.1.2022 to 31.12.2022* RM	Company 1.1.2023 to 31.12.2023 RM	Company 3.6.2022 to 31.12.2022 RM
Investing Activities					
Investment in an associate	8(a)	-	(405,000)	-	-
Additional investment in financial assets measured at fair value through profit or loss		-	(250,027)	-	-
Capital contribution by non-controlling interests	7(e)	4,851	-	-	-
Net changes in amount due from associates		(473,400)	(777,896)	-	-
Payment for acquisition of equity interest from non-controlling interests	7(c)	-	(33)	-	-
Proceeds from disposal of property, plant and equipment		289	35,845	-	-
Purchase of:					
- property, plant and equipment		(839,833)	(528,627)	-	-
- right-of-use assets	5(b)	(36,416)	(30,720)	-	-
Redemption of investment in financial assets measured at fair value through profit or loss		-	292,000	-	-
Net cash used in investing activities		(1,344,509)	(1,664,458)	-	-
Financing Activities					
Payment of lease liabilities		(862,175)	(693,050)	-	-
Drawdown of bank borrowings		-	648,720	-	-
Repayment of bank borrowings		(673,598)	(499,635)	-	-
Proceeds from issuance of shares		6,139,880	98	-	98
Increase in fixed deposit pledged to a licensed bank		(54,271)	(40,907)	-	-
Net changes in amount due from associates		-	128,922	-	-
Net cash from/(used in) financing activities		4,549,836	(455,852)	-	98
Net increase/(decrease) in cash and cash equivalents		3,810,787	(2,099,735)	-	98
Cash and cash equivalents at the beginning of the financial year/date of incorporation		7,812,716	9,910,594	100	2
Effect of exchange translation differences on cash and cash equivalents		-	1,857	-	-
Cash and cash equivalents at the end of the financial year/period		11,623,503	7,812,716	100	100
Cash and cash equivalents at the end of the financial year/period comprises:					
Fixed deposit with a licensed bank	17	2,288,423	2,234,152	-	-
Cash and bank balances	17	11,623,503	7,812,716	100	100
		13,911,926	10,046,868	100	100
Less: Fixed deposit pledged to a licensed bank		(2,288,423)	(2,234,152)	-	-
		11,623,503	7,812,716	100	100

Statements of Cash Flows
For the Financial Year 31 December 2023

Note to statements of cash flows

Cash flows for leases as a lessee

		Group		Company	
		1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022*	1.1.2023 to 31.12.2023	3.6.2022 to 31.12.2022
	Note	RM	RM	RM	RM
Included in operating activities:					
Interest paid in relation to lease liabilities	28	55,742	58,868	-	-
Lease expenses relating to:					
- low value assets	29	900	900	-	-
- short-term leases	29	1,179,863	1,071,802	-	-
Included in financing activities:					
Payment of lease liabilities		862,175	693,050	-	-
Total cash outflows for leases		2,098,680	1,824,620	-	-

Note:
* As disclosed in Note 39 to the financial statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented, i.e. 1 January 2022 for the financial year ended 31 December 2022.

The accompanying notes form an integral part of the financial statements.

1. Corporate Information

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

With effect from 20 June 2023, the Company's principal place of business has been changed from Level 3, Wisma E&C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur to Suite 3.03, Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7.

On 26 January 2024, the Company's entire enlarged issued share capital was listed on the ACE Market of Bursa Malaysia Securities Berhad.

2. Basis of Preparation

(a) Statement of compliance

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

On 13 December 2023, the Company completed the acquisition of the entire equity interest in KJ Technical Services Sdn. Bhd. ("KJ Technical Services") by way of issuance of 469,972,700 new ordinary shares for a total consideration of RM41,827,570 to the vendors of KJ Technical Services. The vendors have the interest in the Company as they had in KJ Technical Services and there is no change to the assets and liabilities as a result of establishment of the Company.

This is the first financial statements on the consolidated results for the financial year ended 31 December 2023. The acquisition of KJ Technical Services is a business combination under common control. Accordingly, the Group is regarded as a continuing entity and the merger method of accounting is used.

Under the merger method of accounting, the financial statements of the subsidiaries are included in the consolidated financial statements as if the business combination had occurred from the earliest date presented and that the Group had operated as a single economic entity throughout the financial years presented in the consolidated financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except as disclosed below:

Amendments to MFRS 101 *Disclosure of Accounting Policies*

The Group and the Company adopted Amendments to MFRS 101 *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of material accounting policy information rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Accordingly, the Group and the Company disclosed their material accounting policies information in these financial statements. However, the amendments did not result in any material changes to the accounting policies of the Group and of the Company.

Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group and the Company have adopted Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

The Group previously accounted for deferred tax on leases applying the "integrally linked" approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets instead to recognise deferred tax asset or liability on leases on a net basis which previously permitted under paragraph 74 of MFRS 112 *Income Taxes*. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised as disclosed Note 23.

Standards issued but not yet effective

The Group and the Company have not applied the following amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

2. Basis of Preparation (Cont'd)

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are judgements made by management in the process of applying the Group's accounting policies that have most significant effect on the amounts recognised in the financial statements:

<u>Control over KJTN Engineering Co., Ltd.</u>

KJTN Engineering Co., Ltd. ("KJTN Engineering") is a subsidiary of KJ Technical Services even though KJ Technical Services owns less than half of the ownership interest in this entity and less than half of their voting power. KJ Technical Services controls KJTN Engineering by virtue of an agreement with its other shareholders. In applying judgement, KJ Technical Services assesses and concludes that it has the power to direct the relevant business activities of KJTN Engineering. KJ Technical Services is able to appoint, remove and set compensation of the key management personnel of KJTN Engineering and actively dominates the decision-making process of KJTN Engineering through its board representatives.

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

The Group and the Company are required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group and the Company recognise revenue over time in the following circumstances:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
(ii) the Group and the Company do not create an asset with an alternative use to the Group and the Company and has an enforceable right to payment for performance completed to date; and
(iii) the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group and the Company assess each contract with customers to determine when the performance obligation of the Group and the Company under the contract is satisfied.

<u>Concession service agreements</u>

The Group and the Company have entered into a concessions service agreement for the installation, operation and maintenance of a cooling energy system. The Group and the Company have evaluated based on the terms and conditions of the arrangement, whether the concession service agreement is accounted for using intangible asset model or financial assets model.

The management judged that based on terms and conditions of the arrangement, the Group and the Company have an unconditional contractual right to receive cash from the grantor for the services provided, thus accounting for the concession service arrangements under the financial assets model.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

(i) Depreciation and useful lives of property, plant and equipment, right-of-use ("ROU") assets and investment properties

The Group reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Judgements are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment, ROU assets and investment properties may differ from the estimates applied and therefore, future depreciation charges could be revised. The carrying amounts of the Group's and of the Company's property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4, 5 and 6 respectively.

(ii) Impairment assessment of concession financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the Grantor, or default or significant delay in payments.

The carrying amount of the Group's and the Company's concession financial assets at the reporting date are disclosed in Note 10.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unutilised capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The details of carrying amount of recognised and unrecognised of deferred tax assets are disclosed in Note 23.

(iv) Provision for expected credit loss of financial assets at amortised cost

The Group and the Company use a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's and the Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss on the Group's and the Company's trade receivables is disclosed in Note 14.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(v) Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

(vi) Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group and the Company evaluate based on past experience and a continuous monitoring mechanism.

The contract assets and contract liabilities of the Group and of the Company arising from construction contracts are disclosed in Note 15.

(vii) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2023, the Group has tax recoverable and tax payable of RM862,086 and RMNil (2022: RM126,327 and RM366,984) respectively.

3. Material Accounting Policies

The Group and the Company apply the material accounting policies set out below, consistently throughout all years presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. 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.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less any accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss.

Business combination - Merger method

A business combination in which all the combining entity or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of KJ Technical Services resulted in a business involving common control entity since the management of all the entity which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entity in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidated had taken place before the state of the earliest year presented in the combined financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been affected throughout the current period. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entity, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other reserves.

Business combination - Acquisition method

The Group applies the acquisition method to account for business combinations from the acquisition date, which is the date on which the control is transferred to the Group. Under the acquisition method, the identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the fair value of the consideration transferred. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

The Group measures goodwill as the excess of the cost of an acquisition, as defined above, and the fair values of any previously held interest in the acquiree, over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions are eliminated in full. Uniform accounting policies are applied to like transactions and events in similar circumstances.

3. Material Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Changes in ownership interests in subsidiaries without change of control

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's proportionate share of net assets before and after the change, and any fair value of consideration received or paid, is recognised directly in equity as transactions with shareholders.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous 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 at fair value through other comprehensive income depending on the level of influence retained.

(b) Investment in associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated and the Company's financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

3. Material Accounting Policies (Cont'd)

(c) Foreign currency transactions (Cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date and income and expenses, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in associates that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised. All other repair and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Office equipment	3 - 5 years
Furniture and fittings	3 - 5 years
Plant and machinery	6 years
Computers and software	3 years
Motor vehicles	5 years
Renovation	3 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

3. Material Accounting Policies (Cont'd)

(e) Leases

<u>As lessee</u>

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost 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 incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the ROU asset reflects that the Group will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which determined on the same basis as those of property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of lease liability.

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 is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest rate 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. The Group will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU 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. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(f) Investment properties

Investment properties are properties which are owned or held under a leasehold interest 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 are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

3. Material Accounting Policies (Cont'd)

(f) Investment properties (Cont'd)

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold buildings	Over the remaining period of the lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

(g) Financial assets

Recognition and initial measurement

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change 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 in the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group and the Company classify their financial assets as follows:

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include concession, trade and other receivables, amount due from associates, deposits, bank and cash balances.

3. Material Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial assets as follows: (Cont'd)

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

(a) Debt investments

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

(b) Equity investments

This category comprises investment in equity investment that is not held for trading. The Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in the profit or loss.

The Group's financial assets at FVTPL comprise other investments.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment.

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase and sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive 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 assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3. Material Accounting Policies (Cont'd)

(h) Financial liabilities

Recognition and initial measurement

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

(i) Financial liabilities at amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

The Group's and the Company's financial liabilities at amortised cost comprise trade and other payables, amount due to a subsidiary, bank borrowings and lease liabilities.

(ii) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group and the Company have not designated any financial liabilities at FVTPL.

Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. 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.

(i) Offsetting of financial instruments

A financial asset and financial liability are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis.

3. Material Accounting Policies (Cont'd)

(k) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to sub-contractors are recognised as an asset and amortised to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(l) Cash and cash equivalents

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

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for 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, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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.

3. Material Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss ("FVTPL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("a 12 months ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables and other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(n) Share capital

Ordinary shares are equity instruments. Ordinary shares are recorded at proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Material Accounting Policies (Cont'd)

(p) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Defined benefit plans

The employee benefits obligations in relation to the severance payment under the labour law and other defined benefits are recognised as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age. The calculation is based on the best estimation at the reporting date.

(q) Concession Service Arrangement

The Group entered into a service concession agreement with:

(i) the Grantor to retrofit and provide cooling energy management services to designated buildings for a period 15 years. The Grantor guarantee the minimum usage generated by the Group over the 15 years.

(ii) the Grantor to retrofit and provide cooling energy management services for chiller plants to designated buildings for a period 5 years. The Grantor guarantees the minimum usage generated by the Group over the 5 years.

(iii) the Grantor to retrofit and provide cooling energy management services to designated buildings for the period of 15 years. The Grantor guarantees the minimum usage generated by the Group over the 15 years.

(iv) the Grantor to retrofit and provide cooling energy management services for a factory for the period of 5 years. The Grantor guarantees the minimum usage generated by the Group over the 5 years.

(v) the Grantor to retrofit and provide cooling energy management services for another factory for the period of 5 years. The Grantor guarantees the minimum usage generated by the Group over the 5 years.

The Group recognises the estimated consideration received or receivables as a financial asset since the Group has an unconditional right to receive or receivable as a financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy as set out in Note 3(g).

3. Material Accounting Policies (Cont'd)

(r) Revenue and other income

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised goods or services to the customer, which is when the customer obtains control of the goods or services. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(1) Revenue from cooling energy management

Revenue is recognised over time as the customers simultaneously received and consumed the benefits provided by the Group's performance, and the Group has a present right to payment for the services. This is based on the actual customer usage relative to the agreed-upon charging rates.

(2) Revenue from engineering, procurement, construction and commissioning ("EPCC") of cooling energy systems

Revenue is recognised over time as the customers simultaneously received and consumed the benefits provided by the Group's performance, and the Group has a present right to payment for the services.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

(3) Revenue from cleaning services

Revenue is recognised in the reporting period in which the services are rendered, which simultaneously received and consumed the benefits provided by the Group's performance, and the Group have a present right to payment for the services.

(4) Revenue from facilities management

Revenue is recognised in the reporting period in which the services are rendered, which simultaneously received and consumed the benefits provided by the Group's performance, and the Group have a present right to payment for the services.

(5) Revenue from building construction

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue from construction contracts is recognised by reference to the stage of completion. Stage of completion is measured using the input method, which is based on the total actual construction costs incurred-to-date over to the total budgeted costs for each contract.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously has recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference.

3. Material Accounting Policies (Cont'd)

(r) Revenue and other income (Cont'd)

(ii) Revenue from other source and other income

(1) Finance income from concession contracts

Finance income from concession contracts are recognised as it accrues using the effective interest method in profit or loss. The notional interest income resulting from the accretion of its financial asset using effective interest method is recognised in the profit or loss.

(2) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(3) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(s) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or 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 financial 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 financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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 measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting year. 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 year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3. Material Accounting Policies (Cont'd)

(u) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(v) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs to be recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(x) Fair value measurement

Fair value of an asset or a liability 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 of 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.

3. Material Accounting Policies (Cont'd)

(x) Fair value measurement (Cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use 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 and the Company 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. Property, Plant and Equipment

	Office equipment RM	Furniture and fittings RM	Plant and machinery RM	Computers and software RM	Motor vehicles RM	Renovation RM	Total RM
Group							
2023							
Cost							
At 1 January 2023	2,005,329	400,484	768,817	509,789	996,343	443,861	5,124,623
Additions	402,766	57,087	187,609	79,556	29,100	83,715	839,833
Transfer from right-of-use assets	-	-	-	-	91,717	-	91,717
Disposal	(4,594)	-	-	-	-	-	(4,594)
Written off	(585,826)	(500)	(7,912)	(300,557)	-	(110,383)	(1,005,178)
Exchange differences	62,702	2,713	478	21,326	-	6,495	93,714
At 31 December 2023	1,880,377	459,784	948,992	310,114	1,117,160	423,688	5,140,115
Accumulated depreciation							
At 1 January 2023	1,528,863	324,978	408,914	388,433	996,033	377,073	4,024,294
Charge for the financial year	276,584	46,219	171,159	73,757	705	51,870	620,294
Transfer from right-of-use assets	-	-	-	-	91,717	-	91,717
Disposal	(4,305)	-	-	-	-	-	(4,305)
Written off	(573,382)	(500)	(6,299)	(293,762)	-	(110,383)	(984,326)
Exchange differences	34,443	2,290	197	12,040	-	6,495	55,465
At 31 December 2023	1,262,203	372,987	573,971	180,468	1,088,455	325,055	3,803,139
Carrying amount							
At 31 December 2023	618,174	86,797	375,021	129,646	28,705	98,633	1,336,976

Notes to the Financial Statements (Cont'd)
31 December 2023

4. Property, Plant and Equipment

	Office equipment RM	Furniture and fittings RM	Plant and machinery RM	Computers and software RM	Motor vehicles RM	Renovation RM	Total RM
Group							
2022							
Cost							
At 1 January 2022	1,758,150	353,224	615,233	412,990	996,343	412,784	4,548,724
Additions	226,475	44,760	153,584	78,718	-	25,090	528,627
Disposal	(35,845)	-	-	-	-	-	(35,845)
Exchange differences	56,549	2,500	-	18,081	-	5,987	83,117
At 31 December 2022	2,005,329	400,484	768,817	509,789	996,343	443,861	5,124,623
Accumulated depreciation							
At 1 January 2022	1,243,836	250,896	257,146	317,727	995,745	272,146	3,337,496
Charge for the financial year	259,084	72,217	151,762	54,059	288	98,940	636,350
Disposal	(11,948)	-	-	-	-	-	(11,948)
Exchange differences	37,891	1,865	6	16,647	-	5,987	62,396
At 31 December 2022	1,528,863	324,978	408,914	388,433	996,033	377,073	4,024,294
Carrying amount							
At 31 December 2022	476,466	75,506	359,903	121,356	310	66,788	1,100,329

5. Right-of-use Assets

	Buildings RM	Motor vehicles RM	Total RM
Group			
2023			
Cost			
At 1 January 2023	1,499,003	1,667,970	3,166,973
Additions	116,025	402,844	518,869
Expiration of lease contracts	(630,679)	-	(630,679)
Early termination of lease contracts	(277,656)	-	(277,656)
Modification of lease contracts	205,271	209,679	414,950
Transfer to property, plant and equipment	-	(91,717)	(91,717)
Exchange differences	30,468	74,754	105,222
At 31 December 2023	942,432	2,263,530	3,205,962
Accumulated depreciation			
At 1 January 2023	1,031,006	1,231,709	2,262,715
Charge for the financial year	464,856	373,978	838,834
Expiration of lease contracts	(630,679)	-	(630,679)
Early termination of lease contracts	(185,927)	-	(185,927)
Transfer to property, plant and equipment	-	(91,717)	(91,717)
Exchange differences	28,052	71,711	99,763
At 31 December 2023	707,308	1,585,681	2,292,989
Carrying amount			
At 31 December 2023	235,124	677,849	912,973

5. Right-of-use Assets (Cont'd)

	Buildings RM	Motor vehicles RM	Total RM
Group			
2022			
Cost			
At 1 January 2022	1,233,386	1,163,630	2,397,016
Additions	240,604	200,720	441,324
Modification of lease contracts	(3,072)	249,063	245,991
Exchange differences	28,085	54,557	82,642
At 31 December 2022	1,499,003	1,667,970	3,166,973
Accumulated depreciation			
At 1 January 2022	600,868	875,391	1,476,259
Charge for the financial year	412,743	304,264	717,007
Exchange differences	17,395	52,054	69,449
At 31 December 2022	1,031,006	1,231,709	2,262,715
Carrying amount			
At 31 December 2022	467,997	436,261	904,258

(a) The carrying amount of right-of-use assets of the Group and of the Company held under lease arrangement are as follows:

	Group 2023 RM	Group 2022 RM
Motor vehicles	677,849	436,261

Leased assets of the Group are pledged as securities for the related lease liabilities as disclosed in Note 21.

(b) The aggregate additional costs for the right-of-use assets of the Group and of the Company during the financial year acquired under lease financing and cash payments are as follows:

	Group 2023 RM	Group 2022 RM
Aggregate costs	518,869	441,324
Less: Lease financing	(482,453)	(410,604)
Cash payments	36,416	30,720

Notes to the Financial Statements (Cont'd)

31 December 2023

6. Investment Properties

	Group 2023 RM	Group 2022 RM
Cost		
At 1 January/31 December	1,101,144	1,101,144
Accumulated depreciation		
At 1 January	20,600	9,364
Charge for the financial year	7,539	11,236
At 31 December	28,139	20,600
Accumulated impairment losses		
At 1 January	171,780	171,780
Charge for the financial year	51,225	-
At 31 December	223,005	171,780
Carrying amount		
At 31 December	850,000	908,764
Included in the above is:		
At cost		
Leasehold buildings	1,101,144	1,101,144
Fair value		
Leasehold buildings	850,000	920,000

Investment properties are leasehold buildings with remaining lease period of 96 (2022: 97) years.

7. Investment in a Subsidiary

(a) Investment in a subsidiary

	Company 2023 RM	Company 2022 RM
At cost		
Unquoted shares in Malaysia	41,827,570	-

7. Investment in a Subsidiary (Cont'd)

(a) Investment in a subsidiary (Cont'd)

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
Direct interest:				
KJ Technical Services Sdn. Bhd. ("KJ Technical Services")	Malaysia	100	100	Provision of cooling energy management services, engineering, procurement, construction and commissioning ("EPCC") of cooling energy systems, facilities management service and investment holding company.
Indirect interest:				
Held through KJ Technical Services				
- DCS Power Sdn. Bhd.	Malaysia	100	100	Provision of cooling energy management services. @
- KJ Engineering Sdn. Bhd.	Malaysia	100	100	EPCC of cooling energy systems.
- KJ FEM Pte. Ltd. *	Singapore	100	100	Provision of cleaning services.
- KJ Energy Management Sdn. Bhd.	Malaysia	100	100	Provision of cooling energy management services.
- Astute MFM Sdn. Bhd. ("Astute MFM")	Malaysia	51	51	Provision of mobile facilities management services.
- AUNOA Solutions Sdn. Bhd. ("AUNOA Solutions")	Malaysia	51	51	Software systems integrator.
- ETC Cleaning Services Sdn. Bhd. ("ETC Cleaning Services")	Malaysia	90	90	Provision of cleaning services.
- KJ Facilities Management Sdn. Bhd. ("KJ Facilities Management")	Malaysia	60	60	Provision of mobile facilities management services. @
- KJTN Engineering Co., Ltd. # ("KJTN Engineering")	Thailand	49	49	Provision of cooling energy management services and EPCC of cooling energy systems.
- KJ Energy Services Sdn. Bhd. ("KJ Energy Services")	Malaysia	100	100	Provision of cooling energy management services. @

* *Audited by member firm of UHY International Limited*

\# *Subsidiary not audited by UHY*

@ *Being the intended principal activities, the subsidiary is dormant as at the date of this report.*

7. Investment in a Subsidiary (Cont'd)

(b) Acquisition of a subsidiary

31 December 2023

On 29 May 2023, the Company has entered into a conditional share sale agreement with the KJ Technical Services's Vendors to acquire the entire equity interest in KJ Technical Services comprising 808,000 ordinary shares for a purchase consideration of RM41,827,570 ("Acquisition"). The purchase consideration for the Acquisition will be satisfied by the issuance of 469,972,700 new ordinary shares in the Company ("KJTS Shares") at an issue price of RM0.089 for each KJTS Shares.

On 13 December 2023, the Company has completed the acquisition of the entire equity interest in KJ Technical Services. Consequently, KJ Technical Services became a wholly-owned subsidiary of the Company.

(c) Changes in equity interest

31 December 2022

On 22 November 2022, KJ Technical Services, a wholly-owned subsidiary of the Company, acquired 33,000 ordinary shares, representing 33% equity interest in ETC Cleaning Services for a total cash consideration of RM33 only. Consequently, KJ Technical Services's equity interest in ETC Cleaning Services increase from 57% to 90% and ETC Cleaning Services became a 90%-owned subsidiary of KJ Technical Services.

The effect of changes in the equity interest in ETC Cleaning Services that is attributable to owners of the Company is as follows:

	Group 2022 RM
Carrying amount of non-controlling interests acquired	75,569
Consideration paid to non-controlling interests	(33)
Increase in parent's equity	75,536

(d) Incorporation of a subsidiary

31 December 2022

On 1 June 2022, KJ Technical Services incorporated a wholly-owned subsidiary, KJ Energy Services with an initial paid-up share capital of RM100 comprising of 100 ordinary shares.

Fair value of identifiable asset acquired

	Group 2022 RM
Fair value of identifiable assets acquired	
Cash and bank balances	100
Total identifiable assets	100

	Group 2022 RM
Purchase consideration settled in cash	100
Fair value of identifiable asset acquired	(100)
	-

7. Investment in a Subsidiary (Cont'd)

(e) Additional investment

31 December 2023

On 20 June 2023, Astute MFM, a 51% owned subsidiary of KJ Technical Services, had increased its issued and paid-up share capital from 100 to 10,000 ordinary shares. KJ Technical Services has subscribed for an additional 5,049 ordinary shares in Astute MFM by way of capitalisation of amount due from Astute MFM. Consequently, Astute MFM remain as 51%-owned subsidiary of KJ Technical Services.

31 December 2022

On 3 November 2022, KJ Energy Services, a wholly-owned subsidiary of KJ Technical Services, had increased its paid-up share capital from 100 to 10,100 ordinary shares. KJ Technical Services has subscribed for an additional 10,000 ordinary shares in KJ Energy Services for a total cash consideration of RM10,000 only.

(f) Material partly-owned subsidiaries

The Group's subsidiaries that have material non-controlling interests are as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss)/Profit allocated (to non-controlling interests		Carrying amount of non-controlling interests	
	2023 %	2022 %	2023 RM	2022 RM	2023 RM	2022 RM
AUNOA Solutions	49	49	(75,182)	(136,631)	(702,865)	(627,683)
ETC Cleaning Services	10	10	12,549	419,130	62,794	50,245
KJ Facilities Management	40	40	(22,448)	(18,433)	(225,035)	(202,587)
Astute MFM	49	49	(601,508)	(144,248)	(463,171)	133,486
KJTN Engineering	51	51	(108,646)	169,904	1,050,359	1,100,218
Total non-controlling interests			(795,235)	289,722	(277,918)	453,679

The summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination.

(i) Summarised Statements of Financial Position

	AUNOA Solutions RM	ETC Cleaning Services RM	KJ Facilities Management RM	Astute MFM RM	KJTN Engineering RM
2023					
Non-current assets	-	990,081	-	124,332	7,538,263
Current assets	147,724	9,751,660	3,494	2,208,431	2,826,871
Non-current liabilities	-	(307,912)	-	-	(2,436,168)
Current liabilities	(1,582,142)	(9,805,894)	(566,083)	(3,278,009)	(5,869,438)
Net (liabilities)/assets	(1,434,418)	627,935	(562,589)	(945,246)	2,059,528
2022					
Non-current assets	-	573,888	-	217,528	7,434,121
Current assets	46,671	8,787,755	5,564	2,589,915	1,783,768
Non-current liabilities	-	(199,417)	-	(76,514)	(2,766,354)
Current liabilities	(1,327,657)	(8,659,781)	(512,032)	(2,458,508)	(4,294,246)
Net (liabilities)/assets	(1,280,986)	502,445	(506,468)	272,421	2,157,289

7. Investment in a Subsidiary (Cont'd)

(f) Material partly-owned subsidiaries (Cont'd)

(ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	AUNOA Solutions RM	ETC Cleaning Services RM	KJ Facilities Management RM	Astute MFM RM	KJTN Engineering RM
1.1.2023 to 31.12.2023					
Revenue	158,338	25,752,452	-	8,104,111	2,606,930
(Loss)/Profit for the financial year	(153,432)	125,490	(56,121)	(1,227,567)	(213,032)
Other comprehensive income for the financial year	-	-	-	-	115,271
Total comprehensive (loss)/income for the financial year	(153,432)	125,490	(56,121)	(1,227,567)	(97,761)
1.1.2022 to 31.12.2022					
Revenue	196,695	17,684,186	-	7,707,976	4,524,519
(Loss)/Profit for the financial year	(278,839)	1,184,576	(46,083)	(294,384)	333,145
Other comprehensive income for the financial year	-	-	-	-	40,550
Total comprehensive (loss)/income for the financial year	(278,839)	1,184,576	(46,083)	(294,384)	373,695

(iii) Summarised Statements of Cash Flows

	AUNOA Solutions RM	ETC Cleaning Services RM	KJ Facilities Management RM	Astute MFM RM	KJTN Engineering RM
1.1.2023 to 31.12.2023					
Net cash (used in)/from operating activities	(70,081)	(968,304)	(21,570)	(741,722)	1,343,041
Net cash used in investing activities	-	(488,734)	-	(84,614)	(44,221)
Net cash from/(used in) financing activities	75,000	770,100	19,000	671,991	(255,080)
Net increase/(decrease) in cash and cash equivalents	4,919	(686,938)	(2,570)	(154,345)	1,043,740
1.1.2022 to 31.12.2022					
Net cash used in operating activities	(200,856)	(3,454,188)	(35,760)	(91,690)	(2,103,983)
Net cash used in investing activities	-	(224,688)	-	(78,263)	(21,259)
Net cash from financing activities	201,000	4,452,323	37,000	246,388	487,610
Net increase/(decrease) in cash and cash equivalents	144	773,447	1,240	76,435	(1,637,632)

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

8. Investment in Associates

	Group 2023 RM	Group 2022 RM
At cost		
Unquoted shares in Malaysia	405,030	405,030
Unquoted shares outside Malaysia	38,677	38,677
	443,707	443,707
Share of post-acquisition results	379,689	423,392
	823,396	867,099

Details of the associates are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
Direct holding: Associates of KJ Technical Services				
Acres Growth Sdn. Bhd. ("Acres Growth")	Malaysia	30	30	Designing air-conditioning, cooling, heating and ventilation systems, repair and maintenance of air-conditioning systems, project contracting, assembly and trading in engineering products and an investment holding company.
KJ Technical Services Co., Ltd. # ("KJ Technical Services (Thailand)")	Thailand	30	30	Engineering activities and related technical consultancy. @
DCS Energy Sdn. Bhd. # ("DCS Energy")	Malaysia	45	45	Designing, testing and managing cooling system, mechanical electrical system and related activities.

\# *Associate not audited by UHY*
@ *Being the intended principal activities, the associate is dormant as at the date of this report.*

(a) Acquisition of an associate

<u>**31 December 2022**</u>

On 17 August 2022, KJ Technical Services acquired 45% of equity interest in DCS Energy for a total cash consideration of RM405,000 only. Consequently, DCS Energy become an 45%-owned associate of KJ Technical Services.

Notes to the Financial Statements (Cont'd)

31 December 2023

8. Investment in Associates (Cont'd)

(b) The summarised financial information of the Company's material associates not adjusted for the percentage held by the Group are as follows:

	Acres Growth		KJ Technical Services (Thailand)		DCS Energy	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Assets and Liabilities						
Non-current assets	2,657,214	2,908,481	702	24,044	1	1
Current assets	3,946,184	1,086,465	1,832,543	1,718,370	1,528,141	1,703,964
Current liabilities	(5,616,613)	(3,036,769)	(2,508,857)	(2,331,328)	(297,098)	(414,530)
Net assets/(liabilities)	986,785	958,177	(675,612)	(588,914)	1,231,044	1,289,435
Interests in associates	30%	30%	30%	30%	45%	45%
Group's share of net assets	296,036	287,453	(202,684)	(176,674)	553,970	580,246

	Acres Growth		KJ Technical Services (Thailand)		DCS Energy	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Financial Results						
Revenue	5,040,273	2,433,721	-	-	-	1,914,747
Profit/(Loss) for the financial year	28,608	51,876	(52,480)	(94,076)	(58,391)	111,605
Other comprehensive loss for the financial year	-	-	(34,218)	(11,050)	-	-
Total comprehensive income/(loss) for the financial year	28,608	51,876	(86,698)	(105,126)	(58,391)	111,605
Group's share of results for the financial year ended 31 December						
Group's share of profit/(loss)	8,582	15,563	(15,744)	(28,223)	(26,276)	1,758
Group's share of other comprehensive loss	-	-	(10,265)	(3,315)	-	-
Group's share of total comprehensive income/(loss)	8,582	15,563	(26,009)	(31,538)	(26,276)	1,758

The Group has not recognised the following losses related to certain associates since the Group has no obligation in respect of these losses:

	Group	
	2023 RM	2022 RM
At 1 January/31 December	(350,543)	(350,543)

9. Goodwill on Consolidation

	Group	
	2023	**2022**
	RM	**RM**
At 1 January/31 December	1,808,278	1,808,278

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. The Directors are of the opinion that since all the cash-generating units ("CGUs") are to be held on a long-term basis, value in use would best reflect its recoverable amount. The value in use is determined by discounting future cash flows over a five-year period. The future cash flows are based on management's business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

There remains a risk that, due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions, the ability to achieve management's business plan will be adversely affected. In calculating the value in use for each cash-generating unit, management has applied a pre-tax discount rate of 7.25% (2022: 6.60%) and revenue growth rate at the range of 5% to 30% (2022: 15% to 25%). The following describes each key assumptions on which management has based its cash flow projections for the purposes of impairment testing of goodwill:

(a) the discount rate used reflected the management's best estimate of return on capital employed.

(b) growth rate used is based on historical trend of each segment taking into account industry outlook.

(c) the profit margin used in the projections are based on the historical profit margin trend for the individual cash-generating unit or budgeted profit margin for predetermined projects obtained.

The management believes that any reasonably possible change in any of the above key assumptions would not caused the carrying amounts of the CGUs to materially exceed their recoverable amounts.

10. Concession Receivables

	Group	
	2023	**2022**
	RM	**RM**
Concession receivables		
- Non-current	10,505,502	12,384,444
- Current	2,293,336	2,138,263
	12,798,838	14,522,707
At 1 January	14,522,707	10,494,091
Concession fixed revenue (Note 27)	6,983,382	7,253,375
Concession construction revenue (Note 27)	-	5,838,037
Finance income (Note 27)	675,696	349,827
Receipts	(9,578,262)	(9,101,382)
Exchange difference	195,315	(311,241)
At 31 December	12,798,838	14,522,707

10. Concession Receivables (Cont'd)

(a) On 5 January 2016, the Group has entered into an agreement to retrofit and provide cooling energy management services for a shopping mall and office building at Petaling Jaya, Selangor for the period of 15 years.

(b) On 16 December 2019, the Group has entered into an agreement to retrofit and provide cooling energy management services for chiller plants at a government hospital in Johor Bahru, and a government hospital at Muar, Johor for the period of 5 years.

(c) On 26 April 2021, the Group has entered into an agreement to retrofit and provide cooling energy management services for a commercial development in Bangkok, Thailand for the period of 15 years.

(d) On 15 August 2022, the Group has entered into an agreement to retrofit and provide cooling energy management services for a factory in Beranang, Selangor for the period of 5 years.

(e) On 18 August 2022, the Group has entered into an agreement to retrofit and provide cooling energy management services for another factory in Beranang, Selangor for the period of 5 years.

The above arrangement is within the scope of IC Interpretation 12: *Service Concession Agreement* under the financial assets model. The fair value of construction services is recognised as concession receivables.

11. Other Receivables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-Current				
Withholding tax	58,401	-	-	-
Current				
Other receivables	1,287,977	489,638	-	-
Government grant receivable	146,105	98,220	-	-
Deposits	1,781,843	1,465,860	500	500
Dividend receivable	-	-	2,181,600	-
Prepayments	7,441,536	5,634,144	3,247,282	1,119,834
Goods and Services Tax receivable	-	11,249	-	-
	10,657,461	7,699,111	5,429,382	1,120,334
	10,715,862	7,699,111	5,429,382	1,120,334

12. Inventories

	Group	
	2023 RM	2022 RM
At cost		
Uniforms	62,133	-
Consumables	36,224	-
	98,357	-
Recognised in profit or loss:		
Inventories recognised as cost of sales	616,767	-
Inventories written off	1,585	-

13. Other Investments

	Group 2023 RM	Group 2022 RM
Current		
Financial assets measured at fair value through profit or loss		
Over the counter trust funds measured at fair value on recurring basis and classified as Level 1 of the fair value hierarchy	1,626	1,570

The fair value of the trust funds was determined by reference to the quoted prices provided by financial intermediaries.

14. Trade Receivables

	Group 2023 RM	Group 2022 RM
Trade receivables	22,626,251	16,808,975
Less: Accumulated impairment losses	(406,893)	(371,614)
	22,219,358	16,437,361

Trade receivables are non-interest bearing and are generally on 15 to 120 days (2022: 15 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses are as follows:

		Group	
	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
At 1 January 2023	3,829	367,785	371,614
Impairment losses recognised	58,594	-	58,594
Reversal of impairment losses	(3,485)	(19,830)	(23,315)
At 31 December 2023	58,938	347,955	406,893
At 1 January 2022	44,771	367,785	412,556
Impairment losses recognised	73,763	13,735	87,498
Reversal of impairment losses	(114,705)	(10,025)	(124,730)
Amount written off	-	(3,710)	(3,710)
At 31 December 2022	3,829	367,785	371,614

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

14. Trade Receivables (Cont'd)

The ageing analysis of trade receivables at the end of the reporting period are as follows:

	2023			2022		
	Gross amount RM	Loss allowance RM	Net amount RM	Gross amount RM	Loss allowance RM	Net amount RM
Group						
Not past due	12,219,974	(5,891)	12,214,083	9,419,410	(894)	9,418,516
Past due:						
Less than 30 days	4,058,795	(4,238)	4,054,557	4,046,305	(1,485)	4,044,820
31 to 60 days	1,291,228	(3,650)	1,287,578	1,342,993	(891)	1,342,102
61 to 90 days	1,265,678	(9,262)	1,256,416	516,564	(223)	516,341
More than 90 days	3,442,621	(35,897)	3,406,724	1,115,918	(336)	1,115,582
	10,058,322	(53,047)	10,005,275	7,021,780	(2,935)	7,018,845
Credit impaired						
Individually impaired	347,955	(347,955)	-	367,785	(367,785)	-
	22,626,251	(406,893)	22,219,358	16,808,975	(371,614)	16,437,361

Trade receivables that are not past due and not individually impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2023, gross trade receivables of the Group of RM10,058,322 (2022: RM7,021,780) were past due but not individually impaired. These relate to a number of independent customers from whom there is no recent history of default.

The Group assesses credit quality of the trade receivables on a collective basis by using ageing of past due days. As at 31 December 2023, the Group provided lifetime impairment losses of RM58,938 (2022: RM3,829) based on the customers' historical data as an assumption for possibility of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM347,955 (2022: RM367,785), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

15. Contract Assets/(Liabilities)

		Group	
	Note	2023 RM	2022 RM
<u>Contract assets</u>			
Construction contracts	(a)	7,094,401	4,872,031
Cleaning and maintenance services	(b)	8,616	57,937
Rendering of services	(c)	2,687,234	2,440,443
		9,790,251	7,370,411
Less: Accumulated impairment losses	(a),(c)	(7,398)	-
		9,782,853	7,370,411
<u>Contract liabilities</u>			
Construction contracts	(a)	1,043,356	357,431
Deferred revenue	(d)	6,233	-
		1,049,589	357,431

15. Contract Assets/(Liabilities) (Cont'd)

Movements in the allowance for impairment losses are as follows:

	Group Lifetime allowance 2023 RM	2022 RM
At 1 January	-	-
Impairment losses recognised	7,398	-
At 31 December	7,398	-

(a) Construction contracts

	Group 2023 RM	2022 RM
Contract costs incurred todate	88,489,650	69,990,564
Attributable profits	15,399,798	11,840,516
	103,889,448	81,831,080
Less: Progress billings	(97,838,403)	(77,316,480)
Less: Accumulated impairment losses	(6,617)	-
	6,044,428	4,514,600
Presented as:		
Contract assets	7,087,784	4,872,031
Contract liabilities	(1,043,356)	(357,431)
	6,044,428	4,514,600

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer for construction contract, which revenue is recognised over time during the construction activities.

(b) Cleaning and maintenance services

Contract assets relate to revenue earned from cleaning and maintenance services which is conditional on successful rendering of service, upon completion of acceptance by the customers. Contract assets are reclassified to trade receivables when customers' acceptance is received and invoice is issued.

(c) Rendering of services

	Group 2023 RM	2022 RM
Rendering of services	2,687,234	2,440,443
Less: Accumulated impairment losses	(781)	-
At 31 December	2,686,453	2,440,443

The contract assets relate to the Company's rights to consideration for work performed but not yet billed at the reporting date for its services rendered. The contract assets will be transferred to trade receivables when the rights become unconditional.

Notes to the Financial Statements (Cont'd)

31 December 2023

15. Contract Assets/(Liabilities) (Cont'd)

(d) Deferred revenue

Deferred revenue represents advance consideration received (or an amount of consideration is due) from the customer in respect of services which are yet to be provided. The deferred revenue will be recognised as revenue when the related services is rendered.

Included in the contract costs for the financial year are as follows:

	Group	
	1.1.2023 to 31.12.2023 RM	**1.1.2022 to 31.12.2022 RM**
Staff costs (Note 32)	1,231,211	251,608

Contract value yet to be recognised as revenue

The followings table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the reporting date. The Group expects to recognise this revenue over the next 12 to 24 months.

	Group	
	1.1.2023 to 31.12.2023 RM	**1.1.2022 to 31.12.2022 RM**
Construction contracts	33,666,454	29,666,087

16. Amount Due from Associates

		Group	
	Note	**2023 RM**	**2022 RM**
Amount due from associates	(i)	4,995,109	3,715,350
Amount due to associates	(ii)	(345,630)	(317,544)
		4,649,479	3,397,806

(i) This represents unsecured, non-interest bearing advances and repayable on demand except for:

(1) An amount of RM1,251,296 (2022: RM777,896) represents advances to associates of the Group which bear interest at a rate of 7.25% (2022: 4.33%) per annum at the reporting date.

(2) An amount of RM1,148,224 (2022: RM559,095) represents trade transactions with the Group which generally on 30 days (2022: 30 days) term.

(ii) This represents unsecured, non-interest bearing advances and repayable on demand except for:

(1) An amount of RM128,922 (2022: RM128,922) represents advances from associates of the Group and of the Company which bear interest at a rate of 0.75% (2022: 0.75%) per annum at the reporting date.

(2) An amount of RM216,708 (2022: RM188,622) represents trade transactions with the Group which generally on 30 days (2022: 30 days) term.

17. Deposits, Bank and Cash Balances

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	11,623,503	7,812,716	100	100
Fixed deposit with a licensed bank	2,288,423	2,234,152	-	-
Total deposits, bank and cash balances	13,911,926	10,046,868	100	100

The interest rates and maturities of deposits of the Group at the reporting date is 2.75% (2022: 1.75%) per annum and 365 days (2022: 365 days) respectively.

The fixed deposit of the Group is pledged as security to a licensed bank for banking facilities granted to the Company as disclosed in Note 20(a).

18. Share Capital and Invested Equity

(i) Share capital

	Group/Company			
	Number of shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Issued and fully paid with no par value:				
At 1 January/date of incorporation	100	2	100	2
Issuance of ordinary shares	469,972,700	98	41,827,570	98
At 31 December	469,972,800	100	41,827,670	100

In the previous financial period, the Company increased its issued and paid-up share capital from 2 to 100 ordinary shares by way of issuance of 98 new ordinary shares at an issue price of RM1.00 each per share for a total cash consideration of RM98 for working capital purposes.

During the financial year, the Company increased its issued and paid-up share capital from 100 to 469,972,800 ordinary shares by way of issuance of 469,972,700 new ordinary shares at an issue price of RM0.089 each per share amounting to RM41,827,570 to satisfy the purchase consideration for the acquisition of the entire issued and paid-up share capital of KJ Technical Services.

(ii) Invested equity

	Group			
	Number of shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Issued and fully paid with no par value:				
At 1 January/date of incorporation	750,000	750,000	750,000	750,000
Issuance of ordinary shares	58,000	-	6,139,880	-
Adjustment on acquisition of a subsidiary	(808,000)	-	(6,889,880)	-
At 31 December	-	750,000	-	750,000

During the financial year, KJ Technical Services increased its issued and paid-up share capital from 750,000 to 808,000 ordinary shares by way of issuance of 58,000 new ordinary shares at an issue price of RM105.86 each per share for a total cash consideration of RM6,139,880.

18. Share Capital and Invested Equity (Cont'd)

The new ordinary shares issued during the financial year/period rank pari passu in all respects with the existing ordinary shares of the Company.

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. All ordinary shares rank equally with regards to the Company's residual assets.

19. Reserves

		Group	
	Note	2023 RM	2022 RM
Non-distributable			
Foreign currency translation reserve	(a)	579,830	187,223
Other reserve	(b)	75,536	75,536
Merger reserve	(c)	(34,937,690)	-
		(34,282,324)	262,759

(a) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

(b) Other reserve

Other reserves represent the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests, and any consideration paid.

(c) Merger reserve

Merger reserves arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiary upon consolidation under the merger method of accounting.

20. Bank Borrowings

	Group	
	2023 RM	2022 RM
Secured		
Fixed rates:		
Term loan II	26,113	35,910
Floating rates:		
Term loan I	976,016	1,384,737
Term loan III	2,773,549	3,028,629
	3,749,565	4,413,366
	3,775,678	4,449,276
Presented as:		
Non-current	2,891,472	3,600,929
Current	884,206	848,347
	3,775,678	4,449,276

20. Bank Borrowings (Cont'd)

Maturities of bank borrowings are as follows:

	Group	
	2023 RM	2022 RM
Within one year	884,206	848,347
More than one year and less than two years	939,663	894,203
More than two years and less than five years	1,564,434	1,964,046
More than five years	387,375	742,680
	3,775,678	4,449,276

Term loan I is repayable by one hundred and one (101) equal instalments of RM41,288 upon the full drawdown of principal amounting to RM2,990,000.

Term loan II is repayable by sixty (60) equal instalments of RM910 upon the full drawdown of principal amounting to RM50,000.

Term loan III is repayable by one hundred and one (101) equal instalments of RM43,015 upon the full drawdown of principal amounting to RM3,241,056.

The term loans are secured by the followings:

(a) Fixed deposits pledged with a licensed bank as disclosed in Note 17.

(b) Deed of assignment of proceeds between the Group and a customer in respect of the monthly capital expenditure repayment and the comprehensive operation and maintenance payment derived from a project as disclosed in Note 10(a);

(c) Deed of assignment of proceeds between the Group and a customer for the finance, design, retrofit, testing, commissioning, operation and maintenance of the chiller plant derived from a project as disclosed in Note 10(c);

(d) Joint and several guarantee by certain Directors of the Company; and

(e) Corporate guarantee by a company which a substantial shareholder of a subsidiary has financial interest.

The range of effective interest rates per annum at the end of the reporting period are as follows:

	Group	
	2023 %	2022 %
Term loans	3.50 - 7.35	3.08 - 6.10

21. Lease Liabilities

	Group	
	2023 RM	2022 RM
At 1 January	939,003	975,458
Additions	482,453	410,604
Payments	(917,917)	(751,918)
Accretion of interest	55,742	58,868
Early termination of lease contracts	(96,302)	-
Modification of lease contracts	414,950	245,991
Exchange difference	16,314	-
At 31 December	894,243	939,003
Presented as:		
Non-current	373,865	308,580
Current	520,378	630,423
	894,243	939,003

The maturity analysis of lease liabilities of the Group at the end of the reporting period are as follows:

	Group	
	2023 RM	2022 RM
Within one year	564,716	666,716
More than one year and less than two years	192,125	145,783
More than two years and less than five years	211,184	189,676
	968,025	1,002,175
Less: Future finance charges	(73,782)	(63,172)
Present value of lease liabilities	894,243	939,003

The Group leases various buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The interest rates applied to lease liabilities of the Group at the reporting date range from 2.46% to 7.10% (2022: 2.45% to 7.60%) per annum.

22. Employee Benefit Obligations

The retirement of employee and other long-term employee benefits are recognised based on the best estimation at the reporting date.

Movements of defined benefit obligations of the Group are as follows:

	Group	
	2023 RM	2022 RM
At 1 January	162,880	5,344
Recognised in profit or loss	(74,950)	155,317
Exchange differences	7,240	2,219
At 31 December	95,170	162,880

22. Employee Benefit Obligations (Cont'd)

The subsidiary in Thailand operates an unfunded defined benefit retirement benefit scheme for its employees based on the provisions of Section 118, Chapter 11 of the Thai Labor Protection Act 1998 (Revised 2019) and Retirement Pension Plan. The independent actuarial report is dated 29 January 2024.

The principal actuarial assumptions at the end of the reporting period are as follows:

	Group	
	2023	**2022**
Discount rate at 31 December	2.48%	2.73%
Expected rate of salary increases	5.00%	5.00%
Normal retirement age	55 years	55 years

Sensitivity analysis

The effect of changes in the principal actuarial assumptions on the present value of unfunded obligations of the Group are as follows:

	+1%	**-1%**
	RM	**RM**
2023		
(Decrease)/Increase of present value of unfunded obligation		
- Discount rate	(947)	1,120
- Salary growth rate	1,034	(895)
- Turnover rate	(1,101)	285
- Life expectancy	46	(45)
2022		
(Decrease)/Increase of present value of unfunded obligation		
- Discount rate	(14,896)	16,568
- Salary growth rate	15,859	(14,565)
- Turnover rate	(15,470)	15
- Life expectancy	395	(394)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

23. Deferred Tax Liabilities

	Group	
	2023	**2022**
	RM	**RM**
At 1 January	21,677	461,860
Recognised in profit or loss (Note 30)	(4,453)	(443,055)
Exchange differences	-	2,872
At 31 December	17,224	21,677

23. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities

	Accelerated capital allowances RM	Right-of-use assets RM	Others RM	Total RM
Group				
2023				
At 1 January 2023	41,127	88,600	-	129,727
Recognised in profit or loss	(11,580)	(67,104)	-	(78,684)
Under provision in prior year	4,229	-	-	4,229
At 31 December 2023 (before offsetting)	33,776	21,496	-	55,272
Offsetting				(38,048)
At 31 December 2023 (after offsetting)				17,224
2022				
At 1 January 2022	317,629	95,923	440,995	854,547
Recognised in profit or loss	(28,920)	(7,323)	(443,867)	(480,110)
Over provision in prior year	(247,582)	-	-	(247,582)
Exchange differences	-	-	2,872	2,872
At 31 December 2022 (before offsetting)	41,127	88,600	-	129,727
Offsetting				(108,050)
At 31 December 2022 (after offsetting)				21,677

Deferred tax assets

	Unutilised capital allowances RM	Unused tax losses RM	Lease liabilities RM	Others RM	Total RM
Group					
2023					
At 1 January 2023	(13,842)	(196)	(94,012)	-	(108,050)
Recognised in profit or loss	(8,861)	4,741	72,627	-	68,507
Over/(Under) provision in prior year	7,971	(5,673)	(803)	-	1,495
At 31 December 2023 (before offsetting)	(14,732)	(1,128)	(22,188)	-	(38,048)
Offsetting					38,048
At 31 December 2023 (after offsetting)					-
2022					
At 1 January 2022	(36,309)	(238,337)	(101,694)	(16,347)	(392,687)
Recognised in profit or loss	5,021	(156)	8,591	16,347	29,803
Over/(Under) provision in prior year	17,446	238,297	(909)	-	254,834
At 31 December 2022 (before offsetting)	(13,842)	(196)	(94,012)	-	(108,050)
Offsetting					108,050
At 31 December 2022 (after offsetting)					-

23. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023 RM	2022 RM
Accelerated capital allowances	-	6,200
Unutilised capital allowances	131,139	109,622
Unused tax losses	19,275,102	23,971,485
	19,406,241	24,087,307

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

For the Malaysian entities, pursuant to Section 8 of the Finance Act 2021 (Act 833) and the amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the time limit on the carried forward unused tax losses has been extended to maximum of ten (10) consecutive years of assessment. Any unused tax losses accumulated up to the year of assessment 2018 can be carried forward for another ten (10) consecutive years of assessment (i.e.: from year of assessment 2019 to 2028) under the current tax legislation.

The unrecognised unused tax losses shall be disregarded after the end of the year of assessment as follows:

	Group	
	2023 RM	2022 RM
2028	9,632,950	14,184,904
2029	987,220	987,220
2030	2,877,675	2,877,675
2031	596,027	596,027
2032	402,345	402,345
2033	1,282,019	-
Indefinite*	3,501,567	4,947,768
	19,279,803	23,995,939

* *The unused tax losses of foreign subsidiary can be carried forward indefinitely. The use of tax losses of the subsidiary in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiary operate.*

24. Trade Payables

	Group	
	2023 RM	2022 RM
Trade payables		
- Third parties	10,041,264	10,795,074
- Related parties	392,308	176,232
	10,433,572	10,971,306

Related parties represent companies in which certain substantial shareholder of certain subsidiaries have financial interest. The amount due to related parties are unsecured, non-interest bearing and subject to trade credit term of 30 days (2022: 30 days).

The normal trade credit terms granted to the Group range from 7 to 90 days (2022: 7 to 90 days) depending on the terms of contracts.

25. Other Payables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables				
- Third parties	2,128,465	1,786,744	691,655	588,520
- Related parties	3,458,794	628,457	-	649,555
	5,587,259	2,415,201	691,655	1,238,075
Amount due to Directors	1,870,542	1,570,580	-	10,667
Accruals	6,554,250	7,516,382	326,534	7,800
Deposit received	28,243	-	-	-
Goods and Services Tax payable	475,372	352,498	-	-
	14,515,666	11,854,661	1,018,189	1,256,542

Related parties represent companies which substantial shareholders of subsidiaries have financial interest. The amount due from related parties are unsecured, non-interest bearing and repayable on demand except for an amount of RM1,477,399 (2022: RM572,400) represents the advances from substantial shareholders of subsidiaries which bear interest rate range from 2.50 to 5.14% (2022: 2.50%) per annum.

The amount due to Directors are unsecured, non-interest bearing and repayable on demand.

26. Amount Due to a Subsidiary

This represents unsecured, non-interest bearing advances and repayable on demand.

27. Revenue

	Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Revenue from contracts with customers		
Services		
- Chilled water supply	10,536,840	8,980,367
- Operations and maintenance	20,669,540	22,485,252
Construction contract income	31,123,947	13,733,659
Revenue from retrofit of cooling energy system	-	5,838,037
Concession revenue	6,983,382	7,253,375
Cleaning contract services	49,914,750	35,797,213
	119,228,459	94,087,903
Revenue from other source		
Finance income on concession of financial assets	675,696	349,827
	119,904,155	94,437,730
Timing of revenue recognition		
At a point in time	5,009,257	3,658,307
Over time	114,219,202	90,429,596
Total revenue from contracts with customers	119,228,459	94,087,903

27. Revenue (Cont'd)

	Company	
	1.1.2023 to 31.12.2023 RM	03.06.2022 to 31.12.2022 RM
Revenue from other source		
Dividend from a subsidiary	2,181,600	-

The following table is disaggregation of the Group's revenue from contracts with customers:

	Cooling energy RM	Cleaning services RM	Facilities management RM	Total RM
Group				
1.1.2023 to 31.12.2023				
Revenue				
Services				
- Chilled water supply	10,536,840	-	-	10,536,840
- Operations and maintenance	6,646,875	-	14,022,665	20,669,540
Construction contract income	31,123,947	-	-	31,123,947
Concession revenue	6,983,382	-	-	6,983,382
Cleaning contract services	-	49,914,750	-	49,914,750
	55,291,044	49,914,750	14,022,665	119,228,459
Geographical market				
Malaysia	52,826,279	25,543,885	14,022,665	92,392,829
Singapore	-	24,370,865	-	24,370,865
Thailand	2,464,765	-	-	2,464,765
	55,291,044	49,914,750	14,022,665	119,228,459
1.1.2022 to 31.12.2022				
Revenue				
Services				
- Chilled water supply	8,980,367	-	-	8,980,367
- Operations and maintenance	7,594,316	-	14,890,936	22,485,252
Construction contract income	13,733,659	-	-	13,733,659
Revenue from retrofit of air-conditioning system	5,838,037	-	-	5,838,037
Concession revenue	7,253,375	-	-	7,253,375
Cleaning contract services	-	35,797,213	-	35,797,213
	43,399,754	35,797,213	14,890,936	94,087,903
Geographical market				
Malaysia	38,995,316	16,904,487	14,890,936	70,790,739
Singapore	-	18,892,726	-	18,892,726
Thailand	4,404,438	-	-	4,404,438
	43,399,754	35,797,213	14,890,936	94,087,903

28. Finance Costs

	Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Interest expenses on:		
Term loans	217,111	186,592
Lease liabilities	55,742	58,868
Bank overdraft	461	-
Advances from an associate	981	3,591
Advances from a shareholder	30,489	4,616
	304,784	253,667
Less: Amount presented under cost of sale	(5,354)	(6,988)
	299,430	246,679

29. Profit/(Loss) before Tax

Profit/(Loss) before tax is arrived after charging/(crediting):

	Group		Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	3.6.2022 to 31.12.2022 RM
Auditors' remuneration				
- Statutory audit				
- UHY	176,000	109,000	60,000	2,000
- Member firm of UHY International	45,992	40,264	-	-
- Other auditor	62,904	25,099	-	-
- Non-statutory audit				
- UHY	5,000	-	5,000	-
- Other auditor	32,763	52,707	-	-
Deposit forfeited	900	-	-	-
Depreciation of:				
- investment properties	7,539	11,236	-	-
- property, plant and equipment	620,294	636,350	-	-
- right-of-use assets	838,834	717,007	-	-
Impairment losses on:				
- contract assets	7,398	-	-	-
- investment properties	51,225	-	-	-
- trade receivables	58,594	87,498	-	-
Incorporation fee	-	7,360	-	4,560
Inventories written off	1,585	-	-	-
Lease expenses relating to:				
- low value assets	900	900	-	-
- short-term leases	1,179,863	1,071,802	-	-
Loss/(Gain) on foreign exchange:				
- Realised	69,638	23,327	3,064	-
- Unrealised	(93,068)	(1,857)	806	-
Non-executive Directors' remuneration				
- Fees	96,000	10,667	96,000	10,667
Property, plant and equipment written off	20,852	-	-	-

29. Profit/(Loss) before Tax (Cont'd)

Profit/(Loss) before tax is arrived after charging/(crediting):

	Group		Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	3.6.2022 to 31.12.2022 RM
(Reversal)/Provision for employee benefits	(74,950)	155,317	-	-
Dividend income from financial assets measured at fair value through profit or loss	(9)	(90)	-	-
Fair value gain on revaluation of financial assets measured at fair value through profit or loss	(47)	(1,006)	-	-
Gain on disposal of property, plant and equipment	-	(11,948)	-	-
Gain on early termination of lease contracts	(4,573)	-	-	-
Interest income:				
- Advances to associate	(59,269)	(40,220)	-	-
- Licensed banks	(132,007)	(90,065)	-	-
Reversal of impairment losses on trade receivables	(23,315)	(124,730)	-	-

30. Taxation

	Group		Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	3.6.2022 to 31.12.2022 RM
Tax expenses recognised in profit or loss				
Current tax provision	1,348,600	2,000,949	-	-
Under provision in prior years	329,400	7,075	-	-
	1,678,000	2,008,024	-	-
Deferred tax (Note 23)				
Relating to origination and reversal of temporary differences	(10,177)	(450,307)	-	-
Under provision in prior years	5,724	7,252	-	-
	(4,453)	(443,055)	-	-
Tax expenses for the financial year/period	1,673,547	1,564,969	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year/period. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

30. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory income tax rate at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	3.6.2022 to 31.12.2022 RM
Profit/(Loss) before tax	9,001,337	8,720,668	1,834,584	(136,208)
At Malaysian statutory tax rate of 24% (2022: 24%)	2,160,321	2,092,960	440,300	(32,690)
Effects of different tax rates in other jurisdictions	3,353	3,576	-	-
Income not subject to tax	(27,636)	(183,589)	(523,584)	-
Expenses not deductible for tax purposes	325,841	370,548	83,284	32,690
Deferred tax assets not recognised	318,717	144,468	-	-
Utilisation of previously unrecognised deferred tax assets	(1,442,173)	(877,321)	-	-
Under provision of income tax in prior years	329,400	7,075	-	-
Under provision of deferred tax in prior years	5,724	7,252	-	-
Tax expenses for the financial year/period	1,673,547	1,564,969	-	-

The Group has estimated unutilised capital allowances and unused tax losses carry forward, available for offset against future taxable profits as follows:

	Group	
	2023 RM	2022 RM
Unutilised capital allowances	192,522	134,083
Unused tax losses	19,279,803	23,995,939
	19,472,325	24,130,022

31. Earnings per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2023 RM	2022 RM
Profit for the financial year attributable to owners of the parent (RM)	8,123,025	6,865,977
Weighted average number of ordinary shares in issue (units):		
Issued ordinary shares at 1 January 2023/3 June 2022 (date of incorporation)	100	2
Effect of ordinary shares issued during the the financial year	469,972,700	469,972,721
Weighted average number of ordinary shares at 31 December	469,972,800	469,972,723*
Basic earnings per ordinary shares (in sen)	1.73	1.46

* In the calculation of earnings per share for the financial year ended 31 December 2022, it is assumed that 469,972,700 ordinary shares were in issue as the acquisition of KJ Technical Services as disclosed in Note 7(b) was accounted for under the merger method of accounting.

31. Earnings per Share (Cont'd)

(b) Diluted earnings per share

Diluted earnings per ordinary share equal to basic earnings per ordinary share because there are no potentially dilutive instruments in existence at the end of the reporting period.

32. Staff Costs

	Group		Company	
	1.1.2023 to 31.12.2023 RM	**1.1.2022 to 31.12.2022 RM**	**1.1.2023 to 31.12.2023 RM**	**3.6.2022 to 31.12.2022 RM**
Fees	176,000	240,000	96,000	-
Salaries, wages and other emoluments	47,031,440	33,507,003	-	-
Defined contribution plans	3,499,953	2,947,186	-	-
Social security contributions	365,064	224,353	-	-
Employment insurance scheme	24,210	18,359	-	-
(Reversal)/Provision for employee benefits	(74,950)	155,317	-	-
Other staff related expenses	513,951	162,623	-	-
Total staff costs	51,535,668	37,254,841	96,000	-
Less: Amount capitalised under construction contracts (Note 15)	(1,231,211)	(251,608)	-	-
	50,304,457	37,003,233	96,000	-

Included in staff costs presented under cost of sales of the Group amounting to RM35,189,784 (1.1.2022 to 31.12.2022: RM25,555,197).

Included in the staff costs is aggregate amount of remuneration received by the Directors of the Company and of the subsidiaries during the financial year/period as below:

	Group		Company	
	1.1.2023 to 31.12.2023 RM	**1.1.2022 to 31.12.2022 RM**	**1.1.2023 to 31.12.2023 RM**	**3.6.2022 to 31.12.2022 RM**
Executive Directors				
Company's Directors				
- fees	80,000	240,000	-	-
- salaries and other emoluments	1,504,000	1,243,167	-	-
- defined contribution plans	180,480	161,280	-	-
- social security contributions	2,080	1,798	-	-
- employment insurance scheme	238	206	-	-
- other employee benefits	7,742	5,074	-	-
	1,774,540	1,651,525	-	-
Subsidiaries' Directors				
- salaries and other emoluments	1,889,185	1,337,930	-	-
- defined contribution plans	216,684	160,552	-	-
- social security contributions	3,269	2,564	-	-
- employment insurance scheme	218	206	-	-
- other employee benefits	580	-	-	-
	2,109,936	1,501,252	-	-

The Group's and the Company's Directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM26,650 and RMNil (1.1.2022 to 31.12.2022: RM26,650 and RMNil) respectively.

33. Reconciliation of Liabilities Arising from Financing Activities

The table below show the details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

	Note	At 1 January RM	Financing cash flows (i) RM	New leases [Note 5(b)] RM	Other changes (ii) RM	At 31 December RM
Group						
2023						
Bank borrowings	20	4,449,276	(673,598)	-	-	3,775,678
Lease liabilities	21	939,003	(862,175)	482,453	334,962	894,243
		5,388,279	(1,535,773)	482,453	334,962	4,669,921
2022						
Bank borrowings	20	4,300,191	149,085	-	-	4,449,276
Lease liabilities	21	975,458	(693,050)	410,604	245,991	939,003
		5,275,649	(543,965)	410,604	245,991	5,388,279

(i) The financing cash flows include drawdown/repayments of term loans and payment of lease liabilities.

(ii) Other changes represent the early termination of lease contracts, modification of lease contracts and foreign exchange.

34. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and/or if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party 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 comprise the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group are as follows:

	Group	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Transactions with associates:		
Income		
Sales	4,910,115	2,738,035
Management fee received/receivable	24,000	24,000
Interest received/receivable	59,269	40,220

34. Related Party Disclosures (Cont'd)

(b) Significant related party transactions (Cont'd)

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group are as follows: (Cont'd)

	Group 1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Transactions with associates: (Cont'd)		
Expenses		
Purchases	1,007,306	1,534,382
Interest paid/payable	981	3,591
Transactions with related parties:		
Income		
Sales	-	992,402
Expenses		
Purchases	398,124	1,022,496
Administrative expenses paid/payable	41,181	59,491
Interest paid/payable	30,489	4,616
Rental paid/payable	25,600	-

	Company 1.1.2023 to 31.12.2023 RM	3.6.2022 to 31.12.2022 RM
Transaction with a subsidiary:		
Income		
Dividend receivable	2,181,600	-

The nature and relationship between the Group with the related parties are as follows:

(i) a person who has financial interest in the Company:
(ii) a firm in which a close family member of a Director of the Company has financial interest;
(iii) a company in which a Director of the Company has financial interest; and
(iv) companies in which a substantial shareholder of certain subsidiaries has financial interest.

(c) Compensation of key management personnel

Remunerations of the Directors and other members of key management are as follows:

	Group		Company	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM	1.1.2023 to 31.12.2023 RM	3.6.2022 to 31.12.2022 RM
Fees	176,000	250,667	96,000	10,667
Salaries and other emoluments	4,319,725	3,464,712	-	-
Defined contribution plans	503,652	424,144	-	-
Social security contributions	9,509	7,958	-	-
Employment insurance scheme	932	824	-	-
Other employee benefits	8,322	5,074	-	-
	5,018,140	4,153,379	96,000	10,667

The Group's and the Company's Directors' remuneration does not include the estimated monetary value of benefits-in-kind amounting to RM26,650 and RMNil (1.1.2022 to 31.12.2022: RM26,650 and RMNil) respectively.

35. Segment Information

The Group has four major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. The following summary describes the operations in each of the Group's reportable segments:

The main business segments of the Group comprise the followings:

Cooling energy	Cooling Energy Segment comprises the following services: (a) Cooling energy management services which mainly involves the supply of chilled water for space cooling as well as providing operations and maintenance services for cooling energy systems. (b) EPCC of cooling energy system which mainly involves the construction of new, upgrading and/or retrofitting of cooling energy systems.
Cleaning services	Cleaning services to maintain the cleanliness, tidiness and hygiene of buildings and outdoor areas.
Facilities management	Facilities management services are mainly related to the repair and maintenance of machinery and equipment.
Investment	Investment holding.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Directors. Segment total assets are used to measure the return of assets of each segment.

Additions to non-current assets represent addition of property, plant and equipment, right-of-use assets and investment properties.

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group Managing Director. Hence no disclosure is made on segment liabilities.

Geographical segments

In determining the Group segment, revenue and non-current assets are based on the geographical location of customers as follows:

	Revenue	
	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Malaysia	92,926,360	71,020,485
Singapore	24,370,865	18,892,726
Thailand	2,606,930	4,524,519
	119,904,155	94,437,730

	Non-current assets	
	2023 RM	2022 RM
Malaysia	8,191,140	9,956,783
Singapore	691,179	582,268
Thailand	7,538,263	7,434,121
	16,420,582	17,973,172

35. Segment Information (Cont'd)

Segment results

	Cooling energy RM	Cleaning services RM	Facilities management RM	Investment RM	Total RM
1.1.2023 to 31.12.2023					
Revenue					
Total revenue	78,090,740	50,142,869	14,571,623	2,181,600	144,986,832
Less: Inter-segment revenue	(22,124,000)	(228,119)	(548,958)	(2,181,600)	(25,082,677)
Revenue from external customers	55,966,740	49,914,750	14,022,665	-	119,904,155
Financial results					
Segment results					10,614,950
Interest income					191,276
Finance costs					(304,784)
Depreciation					(1,466,667)
Share of loss of associates, net of tax					(33,438)
Profit before tax					9,001,337
Taxation					(1,673,547)
Profit for the financial year					7,327,790
2023					
Assets					
Additions to non-current assets					1,358,702
Segment assets					80,772,728

	Cooling energy RM	Cleaning services RM	Facilities management RM	Total RM
1.1.2022 to 31.12.2022				
Revenue				
Total revenue	52,086,144	36,590,222	14,890,936	103,567,302
Less: Inter-segment revenue	(8,336,563)	(793,009)	-	(9,129,572)
Revenue from external customers	43,749,581	35,797,213	14,890,936	94,437,730
Financial results				
Segment results				10,219,545
Interest income				130,285
Finance costs				(253,667)
Depreciation				(1,364,593)
Share of loss of associates, net of tax				(10,902)
Profit before tax				8,720,668
Taxation				(1,564,969)
Profit for the financial year				7,155,699
2022				
Assets				
Additions to non-current assets				969,951
Segment assets				65,190,889

35. Segment Information (Cont'd)

Segment results (Cont'd)

Other non-cash expenses/(income) consist of the following items as presented in the respective notes to financial statements:

	1.1.2023 to 31.12.2023 RM	1.1.2022 to 31.12.2022 RM
Other non-cash expenses		
Deposit forfeited	900	-
Impairment losses on:		
- contract assets	7,398	-
- investment properties	51,225	-
- trade receivables	58,594	87,498
Inventories written off	1,585	-
Property, plant and equipment written off	20,852	-
Provision for employee benefits	-	155,317
Other non-cash income		
Unrealised gain on foreign exchange	(93,068)	(1,857)
Fair value gain on revaluation of financial assets measured at fair value through profit or loss	(47)	(1,006)
Gain on disposal of property, plant and equipment	-	(11,948)
Gain on early termination of lease contracts	(4,573)	-
Reversal of employee benefits	(74,950)	-
Reversal of impairment losses on trade receivables	(23,315)	(124,730)

Information about major customer

Revenue from major customers with revenue equal or more than 10% of the Group's revenue is as follows:

		Revenue	
Customer	**Segment**	**1.1.2023 to 31.12.2023 RM**	**1.1.2022 to 31.12.2022 RM**
Customer Group A	Cooling energy and cleaning services	-	8,579,273
Company B	Cooling energy	-	8,076,122
Company C	Cleaning services and cooling energy	12,379,708	-
Company D	Cooling energy	11,931,868	-
		24,311,576	16,655,395

36. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expense, including fair value gains or losses, are recognised.

36. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis: (Cont'd)

	Financial asset at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Group				
2023				
Financial assets				
Other investments	1,626	-	-	1,626
Concession receivables	-	12,798,838	-	12,798,838
Trade receivables	-	22,219,358	-	22,219,358
Other receivables#	-	3,128,221	-	3,128,221
Amount due from associates	-	4,649,479	-	4,649,479
Deposits, bank and cash balances	-	13,911,926	-	13,911,926
	1,626	56,707,822	-	56,709,448
Financial liabilities				
Trade payables	-	-	10,433,572	10,433,572
Other payables*	-	-	14,040,294	14,040,294
Bank borrowings	-	-	3,775,678	3,775,678
Lease liabilities	-	-	894,243	894,243
	-	-	29,143,787	29,143,787
2022				
Financial assets				
Other investments	1,570	-	-	1,570
Concession receivables	-	14,522,707	-	14,522,707
Trade receivables	-	16,437,361	-	16,437,361
Other receivables#	-	1,955,498	-	1,955,498
Amount due from associates	-	3,397,806	-	3,397,806
Deposits, bank and cash balances	-	10,046,868	-	10,046,868
	1,570	46,360,240	-	46,361,810
Financial liabilities				
Trade payables	-	-	10,971,306	10,971,306
Other payables*	-	-	11,502,163	11,502,163
Bank borrowings	-	-	4,449,276	4,449,276
Lease liabilities	-	-	939,003	939,003
	-	-	27,861,748	27,861,748

Notes to the Financial Statements (Cont'd)

31 December 2023

36. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis: (Cont'd)

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Company			
2023			
Financial assets			
Other receivables#	2,182,100	-	2,182,100
Deposits, bank and cash balances	100	-	100
	2,182,200	-	2,182,200
Financial liabilities			
Other payables	-	1,018,189	1,018,189
Amount due to a subsidiary	-	2,712,817	2,712,817
	-	3,731,006	3,731,006
2022			
Financial assets			
Other receivables#	500	-	500
Deposits, bank and cash balances	100	-	100
	600	-	600
Financial liability			
Other payables	-	1,256,542	1,256,542

\# *Exclude government grant receivable, prepayments and Goods and Services Tax receivable.*
* *Exclude Goods and Services Tax payable.*

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The Group and the Company have exposure to the following risks from its use of financial instruments:

(i) Credit risk

Credit risk is the risk of a financial loss to the Group 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 and other receivables, amount due from associates and deposits with banks. There are no significant changes as compares to prior year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Group provides unsecured advances to associates. The Group monitors on an ongoing basis the results of the associates and repayments made by the associates.

At each reporting date, the Group assesses whether any of the receivables and contracts assets are credit impaired.

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

The Group and the Company have exposure to the following risks from its use of financial instruments: (Cont'd)

(i) Credit risk (Cont'd)

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partial 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, receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credit risk.

At the end of the reporting period, the Group has 1 debtor (2022: 2 debtors) that accounted for 14% (2022: 31%) of total outstanding trade receivables.

(ii) 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 mismatches of maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks is managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor its cash flows and ensure that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2023						
Non-derivative financial liabilities						
Trade payables	10,433,572	-	-	-	10,433,572	10,433,572
Other payables	14,040,294	-	-	-	14,040,294	14,040,294
Bank borrowings	1,062,415	1,062,415	1,733,062	394,633	4,252,525	3,775,678
Lease liabilities	564,716	192,125	211,184	-	968,025	894,243
Financial guarantees*	4,727,705	-	-	-	4,727,705	-
	30,828,702	1,254,540	1,944,246	394,633	34,422,121	29,143,787
2022						
Non-derivative financial liabilities						
Trade payables	10,971,306	-	-	-	10,971,306	10,971,306
Other payables	11,502,163	-	-	-	11,502,163	11,502,163
Bank borrowings	1,032,984	1,032,984	2,144,333	763,190	4,973,491	4,449,276
Lease liabilities	666,716	145,783	189,676	-	1,002,175	939,003
Financial guarantees*	2,577,895	-	-	-	2,577,895	-
	26,751,064	1,178,767	2,334,009	763,190	31,027,030	27,861,748

* *Based on the maximum amount that can be called under the financial guarantee contracts.*

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2023			
Non-derivative financial liabilities			
Other payables	1,018,189	1,018,189	1,018,189
Amount due to a subsidiary	2,712,817	2,712,817	2,712,817
	3,731,006	3,731,006	3,731,006
2022			
Non-derivative financial liability			
Other payables	1,256,542	1,256,542	1,256,542

(iii) Market risks

(1) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currency of Company. The currencies giving rise to this risk are primarily Thai Baht (THB) and United States Dollar (USD).

The Group and the Company have not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group and the Company will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Denominated in		
	THB RM	USD RM	Total RM
Group			
2023			
Monetary assets			
Amount due from associates	2,439,178	-	2,439,178
Cash and bank balances	-	33,874	33,874
	2,439,178	33,874	2,473,052
Monetary liabilities			
Trade payables	-	(20,297)	(20,297)
Other payables	(54,351)	-	(54,351)
	(54,351)	(20,297)	(74,648)
	2,384,827	13,577	2,398,404

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(1) Foreign currency risk (Cont'd)

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows: (Cont'd)

	Denominated in THB RM	Denominated in USD RM	Total RM
Group			
2022			
Monetary assets			
Amount due from associates	2,193,458	-	2,193,458
Cash and bank balances	-	32,568	32,568
	2,193,458	32,568	2,226,026
Monetary liability			
Trade payables	(38,063)	(18,190)	(56,253)
	2,155,395	14,378	2,169,773

	Denominated in THB RM
Company	
2023	
Monetary liability	
Other payables	54,351

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) before tax to a reasonably possible change in the THB and USD exchange rates against RM, with all other variables held constant.

	Change in currency rate RM	Group 1.1.2023 to 31.12.2023 Effect on profit before tax	Change in currency rate	Group 1.1.2022 to 31.12.2022 Effect on profit before tax RM
THB	Strengthen 10%	238,483	Strengthen 10%	215,540
	Weakened 10%	(238,483)	Weakened 10%	(215,540)
USD	Strengthen 10%	1,358	Strengthen 10%	1,438
	Weakened 10%	(1,358)	Weakened 10%	(1,438)

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(1) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis (Cont'd)

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) before tax to a reasonably possible change in the THB and USD exchange rates against RM, with all other variables held constant. (Cont'd)

	Change in currency rate RM	Company 1.1.2023 to 31.12.2023 Effect on profit before tax	Change in currency rate	Company 3.6.2022 to 31.12.2022 Effect on profit before tax RM
THB	Strengthen 10%	(5,435)	Strengthen 10%	-
	Weakened 10%	5,435	Weakened 10%	-

(2) Interest rate risk

The Group's fixed rate deposits placed with a licensed bank and borrowings 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.

The Group manages the interest rate risk of its deposits with a licensed bank by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market.

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts at the end of the reporting period was:

	Group 2023 RM	Group 2022 RM
Fixed rate instruments		
Financial asset		
Fixed deposit with a licensed bank	2,288,423	2,234,152
Financial liabilities		
Bank borrowings	26,113	35,910
Lease liabilities	894,243	939,003
	920,356	974,913
Floating rate instruments		
Financial asset		
Amount due from an associate	1,251,296	777,896
Financial liabilities		
Amount due to an associate	128,922	128,922
Bank borrowings	3,749,565	4,413,366
	3,878,487	4,542,288

36. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(2) Interest rate risk (Cont'd)

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have (decreased)/increased the Group's profit before tax by RM26,272 (1.1.2022 to 31.12.2022: RM37,644) respectively, arising mainly as a result of higher/lower interest expense on floating rate financial liabilities. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term loans and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loans and borrowings approximately their fair value as the loans will be re-priced to market interest rate on or near reporting date.

It was not practical to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value, together with their fair values and carrying amounts shown in the statements of financial position:

	Fair value of financial instruments carried at fair value			Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	RM
Group				
2023				
Financial asset				
Other investment	1,626	-	-	1,626
2022				
Financial asset				
Other investment	1,570	-	-	1,570

The fair value of the trust funds was determined by reference to the quoted prices provided by the financial intermediaries.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

37. Capital Management

The Group and the Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using gearing ratio, which is the net debts divided by total equity. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Bank borrowings	3,775,678	4,449,276	-	-
Lease liabilities	894,243	939,003	-	-
Total debts	4,669,921	5,388,279	-	-
Less: Cash and cash equivalents	(11,623,503)	(7,812,716)	(100)	(100)
Total excess funds	(6,953,582)	(2,424,437)	(100)	(100)
Total equity	49,991,586	36,067,671	43,526,046	(136,108)
Gross gearing ratio (%)	9%	15%	#	#
Net gearing ratio (%)	*	*	#	#

* *Gearing ratio is not presented as the Group is in net cash position as at 31 December 2023 and 31 December 2022.*

\# *Gearing ratio not applicable as the Company has no borrowing as at 31 December 2023 and 31 December 2022.*

There was no change in the Group's and the Company's approach to capital management during the financial year/period.

38. Financial Guarantees

	Group	
	2023 RM	**2022 RM**
Secured:		
Bank guarantee for:		
- projects tender bond	-	10,000
- projects performance bond	2,567,895	2,567,895
- suppliers	2,159,810	-
	4,727,705	2,577,895

39. Subsequent Events

(a) Initial public offering ("IPO")

In conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), on 5 January 2024, the Company issued the Prospectus for the IPO of 218,027,200 new ordinary shares in the Company ("IPO Shares") involving:

(i) Institutional offering of 168,627,200 IPO Shares to institutional and selected investors, at the institutional price to be determined by way of bookbuilding ("Institutional Price"); and

(ii) Retail offering of 49,400,000 IPO Shares to the Malaysian public, the eligible directors, eligible key senior management, eligible employees and persons who have contributed to the success of the Group, at the retail price of RM0.27 per IPO Share ("Retail Price"), payable in full upon application and subject to refund of the difference between the Retail Price and the final retail price in the event that the final retail price is less than the Retail Price.

Subject to the clawback and reallocation provisions. The final retail price will be equal to the lower of the Retail Price of RM0.27 per IPO Share or the Institutional Price.

On 12 January 2024, the Company announced that the Institutional Price and final retail price have been fixed at RM0.27 per IPO Share.

On 26 January 2024, the Company was admitted to the Official List of Bursa Securities and the Company's entire enlarged issued share capital of 688,000,000 ordinary shares were listed and quoted on the ACE Market of Bursa Securities.

(b) Long-Term Incentive Plan ("LTIP")

On 23 January 2024, the Company has established a LTIP of up to 10.00% of the total number of issued Shares of the Company, comprising executives' share option scheme ("ESOS") and executives' share grant scheme ("ESGS"), to be granted to the Eligible Persons of the Group who is eligible executive directors and eligible executives who meet the criteria of eligibility for participation in the LTIP in accordance with the By-Laws. The LTIP shall be in force for a period of 5 years from 23 January 2024.

On 26 January 2024, a total of 13,756,000 ESOS options have been offered to the Eligible Persons.

40. Comparative Information

The comparatives figures for the financial statements of the Company of the previous financial period were from 3 June 2022 to 31 December 2022. As they reflect the results for less than 12 months, these are not comparable to current year results.

41. Date of Authorisation for Issue of Financial Statements

The financial statements of the Group and of the Company for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 16 April 2024.

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LIST OF PROPERTIES

No	Details of Properties	Location	Description / Existing Use	Built-up Area (Square Feet)	Tenure	Date of Acquisition	Approximate Age of Building (Years)	Carrying Amount as at 31/12/2023 (RM)
1	**Registered Owner**: MDSA Capital Sdn. Bhd. **Beneficial owner:** KJ Technical Services Sdn. Bhd.	Unit No. A-28-29, Level 28, Imperio Residence @ Hatten City, 75000, Melaka	Description : One unit of apartment on 28^{th} Floor Existing Use: Investment property	869	99 years lease expiring on 5 August 2119 with a remaining lease period of about 96 year	1 March 2021	5 years	550,000
2	**Registered Owner**: MDSA Capital Sdn. Bhd. **Beneficial owner:** KJ Technical Services Sdn. Bhd.	Unit No. A-29-31, Level 29, Imperio Residence @ Hatten City, 75000, Melaka	Description : One unit of apartment on 29^{th} Floor Existing Use: Investment property	463	99 years lease expiring on 5 August 2119 with a remaining lease period of about 96 year	1 March 2021	5 years	300,000

SHAREHOLDING STATISTICS

01 APRIL 2024

Class of Shares : Ordinary Shares
Total Number of Issued Shares : 688,000,000
Voting Rights : 1 vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Share Held	% of Share Held
1 - 99	-	-	-	-
100 - 1,000	191	16.978	105,802	0.015
1,001 - 10,000	534	47.467	2,858,600	0.415
10,001 - 100,000	276	24.533	9,150,200	1.330
100,001 – 34,399,999 (*)	122	10.844	239,648,264	34.833
34,400,000 and above (**)	2	0.178	436,237,134	63.407
Total:	**1,125**	**100.00**	**688,000,000**	**100.00**

Remark: * LESS THAN 5% OF ISSUED SHARES
** 5% AND ABOVE OF ISSUED SHARES

SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders)

		Direct		Indirect	
No.	Name of Shareholders	No. of Shares Held	%	No. of Shares Held	%
1.	LEE KOK CHOON	218,118,567	31.703	-	-
2.	SHELDON WEE TAH POH	218,118,567	31.703	-	-

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholding)

		Direct		Indirect		
No.	Name of Shareholders	No. of Shares Held	%	No. of Shares Held	%	No. of ESOS Options under the Long-Term Incentive Plan
1.	AZURA BINTI AZMAN	500,000	0.072	-	-	-
2.	LEE KOK CHOON	218,118,567	31.703	-	-	1,876,000
3.	SHELDON WEE TAH POH	218,118,567	31.703	-	-	1,876,000
4.	NG KOK KEN	400,000	0.058	-	-	-
5.	ELAINE LAW SOH YING	80,000	0.011	-	-	-
6.	DR. TEOH PEK LOO	360,000	0.052	-	-	-

Thirty Largest Shareholders

No.	Name of Shareholders	No. of Shares	%
1	LEE KOK CHOON	218,118,567	31.703
2	SHELDON WEE TAH POH	218,118,567	31.703
3	YEOW BOON SIANG	33,735,664	4.903
4	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *EXEMPT AN FOR AIA BHD*	23,974,800	3.484

Shareholding Statistics (Cont'd)

01 April 2024

Thirty Largest Shareholders (Cont'd)

No.	Name of Shareholders	No. of Shares	%
5	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRISTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR*	19,000,000	2.761
6	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *URUSHARTA JAMAAH SDN. BHD. (2)*	16,890,200	2.454
7	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *URUSHARTA JAMAAH SDN. BHD. (MAYBANK 2)*	12,820,600	1.863
8	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) TRUSTEE BHD FOR PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND*	11,575,300	1.682
9	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *GREAT EASTERN TAKAFUL BERHAD (MEKAR)*	11,321,100	1.645
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LEE SENG YONG (7006274)*	10,000,000	1.453
11	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *LEMBAGA TABUNG HAJI (AL-WARA')*	7,167,300	1.041
12	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *EXEMPT AN FOR MAYBANK ISLAMIC ASSET MANAGEMENT SDN. BHD. (RESIDENT) (475391)*	6,304,400	0.916
13	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) TRUSTEE BHD FOR AHAM AIIMAN GROWTH FUND*	5,684,500	0.826
14	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) TRUSTEE BHD FOR PRINCIPAL LIFETIME BALANCED INCOME FUND*	5,348,200	0.777
15	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)*	5,000,000	0.726
16	CITIGROUP NOMINEES (ASING) SDN. BHD. *MERRILL LYNCH INTERNATIONAL*	3,744,900	0.544
17	CITIGROUP NOMINEES (ASING) SDN. BHD. *UBS AG*	3,644,700	0.529
18	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD. *TABUNG WARISAN NEGERI SELANGOR (AL-WARA')*	3,167,100	0.460
19	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) TRUSTEE BHD FOR PRINCIPAL MALAYSIA TITANS FUND*	2,742,100	0.398
20	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. *HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG FOUNDATION (ED100)*	2,700,000	0.392
21	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *MAYBANK TRUSTEES BERHAD FOR KENANGA ONEPRS GROWTH FUND (420119)*	2,449,200	0.355
22	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG STRATEGIC FUND*	2,000,000	0.290
23	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) TRUSTEE BHD FOR PRINCIPAL MALAYSIA TITANS PLUS FUND*	1,862,900	0.270
24	LEONG KHAI SHAUN	1,750,000	0.254
25	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. *CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA EKUITI ISLAM FUND (50158 TR01)*	1,584,600	0.230
26	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT)*	1,510,200	0.219
27	CARTABAN NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)*	1,449,200	0.210
28	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) TRUSTEE BHD FOR PRINCIPAL LIFETIME BALANCED FUND*	1,443,500	0.209
29	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) TRUSTEE BHD FOR ZURICH TAKAFUL MALAYSIA BERHAD (IL-FLEXI)*	1,326,800	0.192
30	HSBC NOMINEES (TEMPATAN) SDN. BHD. *HSBC (M) TRUSTEE BHD FOR PRINCIPAL DYNAMIC ENHANCED MALAYSIA INCOME FUND*	1,300,800	0.189

NOTICE OF SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting ("2nd AGM") of KJTS GROUP BERHAD ("KJTS" or the "Company") will be conducted on a virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Friday, 7 June 2024 at 10.00 a.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. ***[Please refer to Explanatory Note 1]***

2. To approve the payment of the first and final single tier dividend of 0.236 sen per ordinary share in respect of the financial year ended 31 December 2023. **Resolution 1**

3. To re-elect Elaine Law Soh Ying who retires pursuant to Clause 76(3) of the Company's Constitution. **Resolution 2**

4. To re-elect Dr. Teoh Pek Loo who retires pursuant to Clause 76(3) of the Company's Constitution. **Resolution 3**

5. To approve the payment of Directors' fees for an amount not exceeding RM276,000.00 for the period from 8 June 2024 until the next Annual General Meeting of the Company. **Resolution 4**

6. To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

Special Business

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

7. **ORDINARY RESOLUTION**
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 **Resolution 6**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

THAT such approval on the Proposed General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting ("AGM") of the Company held after the approval was given;
b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

Notice of Second Annual General Meeting (Cont'd)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the members at the 2nd AGM to be held on 7 June 2024, the first and final single tier dividend of 0.236 sen per ordinary share in respect of the financial year ended 31 December 2023, will be paid on 28 June 2024.

The entitlement date for the dividend is 11 June 2024.

A depositor shall qualify for entitlement to the dividend only in respect of:-

(a) Shares transferred into the depositor's securities account on or before 4.30 p.m. on 11 June 2024 in respect of transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

JOANNE TOH JOO ANN
SSM PC NO. 202008001119 (LS 0008574)

CATHERINE HAW WOAN SHI
SSM PC NO. 202408000180 (MAICSA 7076116)

Company Secretaries
Kuala Lumpur
30 April 2024

NOTES:-

1. *IMPORTANT NOTICE*

   *The Broadcast Venue of the 2nd 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 present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 2nd AGM in person at the Broadcast Venue on the day of the meeting.*

   Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 2nd AGM using Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the 2nd AGM in order to participate remotely.

2. *For the purpose of determining who shall be entitled to participate in this General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 30 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*

3. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*

4. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*

5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *A member who has appointed a proxy or attorney or authorised representative to participate at the 2nd AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Guide for the 2nd AGM.*
9. *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 General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:-*
   - (i) *In hard copy form*

     In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
   - (ii) *By electronic form*

     The Proxy Form can be electronically lodged with the Company's Share Registrar via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.
10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
11. *For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:-*
   - (i) *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
   - (ii) *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-*
     - (a) *at least two (2) authorised officers, of whom one shall be a director; or*
     - (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
12. *Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.*
13. *Last date and time for lodging the Proxy Form is Wednesday, 5 June 2024 at 10.00 a.m.*
14. *Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the 2nd AGM.*

Explanatory Notes on Ordinary Business

1. ***Agenda Item No. 1 - Audited Financial Statements for the Financial Year Ended 31 December 2023***

   The Audited Financial Statements is meant for discussion only as an approval from the shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act"). Hence, this item on the Agenda is not put forward for voting.
2. ***Resolutions 2 and 3 - Re-election of Directors***

   Please refer to the Statement Accompanying the Notice of AGM for information.
3. ***Resolution 4 - Payment of Directors' Fees***

   Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

   The Proposed Resolution 4 is to facilitate the payment of Directors' fees calculated based on the current board size for the period from 8 June 2024 until the next AGM of the Company. In the event the Directors' fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.
4. ***Resolution 5 – Re-appointment of Auditors***

   The Board has through the Audit and Risk Management Committee ("ARMC"), considered the re-appointment of Messrs. UHY as Auditors of the Company. The factors considered by the ARMC in making the recommendation to the Board to table the resolution on re-appointment of Messrs. UHY at the 2nd AGM are disclosed in the Corporate Governance Overview Statement of this Annual Report.

Explanatory Notes on Special Business

5. ***Resolution 6 - Authority to Issue and Allot Shares***

   The Resolution proposed under Resolution 6, if passed, would empower the Directors to issue and allot up to a maximum of 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier

   This Proposed General Mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

   The purpose of the Proposed General Mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for any possible fund raising activities including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

   This is the first general mandate to be sought by the Company since its listing on the ACE Market of Bursa Malaysia Securities Berhad on 26 January 2024. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

Election/Appointment as Directors

There are no individuals standing for election/appointment as Directors at the Second Annual General Meeting ("2nd AGM").

Elaine Law Soh Ying and Dr. Teoh Pek Loo are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 2nd AGM. Their profiles can be found on pages 16 to 17 of the Annual Report 2023.

The Board of Directors had via the Nominating Committee ("NC") assessed the retiring Directors, Elaine Law Soh Ying and Dr. Teoh Pek Loo, and was satisfied that they have met the performance criteria set out in the assessments in the discharge of their duties and responsibilities. The abovementioned Directors have also met the relevant requirements under the fit and proper assessment and the NC is satisfied with the outcome of the fit and proper assessments. The NC and Board have also conducted an assessment on their independence and are satisfied that they have complied with the criteria prescribed by the ACE Market Listing Requirements. None of the retiring Directors has any conflict of interest, potential conflict of interest or perceived conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries.

In addition to the above, the Board supports and recommended the re-election of Elaine Law Soh Ying and Dr. Teoh Pek Loo as Directors of the Company based on the following:-

1. **Elaine Law Soh Ying**

   Ms Elaine Law was appointed as the Independent Non-Executive Director of the Company on 21 November 2022. The Board, via the NC had assessed Ms Elaine Law, who is due to retire at the forthcoming 2nd AGM, and was satisfied that she is able to provide valuable input and views to the Group based on her background, skills and vast experience in corporate and commercial law and intellectual property law. She has also exercised due care and fulfill her responsibilities during her tenure as Independent Non-Executive Director as well as the Chairman of Remuneration Committee and a member of Audit and Risk Management Committee and NC.

2. **Dr. Teoh Pek Loo**

   Dr. Teoh was appointed as the Independent Non-Executive Director of the Company on 21 November 2022. The Board, via the NC had assessed Dr. Teoh, who is due to retire at the forthcoming 2nd AGM, and was satisfied that he is able to provide valuable input and views to the Group based on his background, skills and vast experience in various sectors including engineering and system design. He has also exercised due care and fulfill his responsibilities during his tenure as Independent Non-Executive Director as well as the Chairman of NC and a member of Audit and Risk Management Committee, Remuneration Committee and Long-Term Incentive Plan Committee.

General Mandate for Issue of Securities

Kindly refer to item 5 of the Explanatory Notes on Special Business on page 161 of the Annual Report 2023.

ADMIN GUIDE
FOR THE SECOND ANNUAL GENERAL MEETING ("2ND AGM")

Day and Date	:	Friday, 7 June 2024
Time	:	10.00 a.m.
Broadcast Venue	:	Tricor Business Centre, Manuka 2 & 3, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Meeting platform	:	TIIH Online website at https://tiih.online

The 2nd AGM of the Company will be conducted on **a virtual basis through live streaming and online remote voting** via Remote Participation and Voting facilities ("RPV"). The Broadcast Venue of the 2nd 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 present at the main venue of the meeting. Shareholders/proxies **WILL NOT BE ALLOWED** to attend the 2nd AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

The RPV facilities are available on Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 2nd AGM using RPV.

A shareholder who has appointed a proxy(ies) or attorney(s) or corporate representative(s) to participate at this 2nd AGM must request his/her proxy(ies) or attorney(s) or corporate representative(s) to register himself/herself via Tricor's TIIH Online website at https://tiih.online.

Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

PROCEDURES FOR RPV

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 2nd AGM using the RPV:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services", select the "Sign Up" button and followed by "**Create Account by Individual Holder**". 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 email. • If you are already a user with TIIH Online, 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 TIIH Online.
(b)	Submit your Registration for RPV	• Registration is open from Tuesday, 30 April 2024 until the day of the 2nd AGM on Friday, 7 June 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 2nd AGM to ascertain their eligibility to participate in the 2nd AGM using the RPV. • Login with your user ID (i.e. email address) and password and select the corporate event: "**(REGISTRATION) KJTS GROUP BERHAD 2ND 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.

Admin Guide (Cont'd)

For the Second Annual General Meeting ("2nd AGM")

	Procedure	Action
BEFORE THE AGM DAY		
(b)	Submit your Registration for RPV	• 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 Record of Depositors dated 30 May 2024, the system will send you an e-mail on **5 June 2024 to approve or reject** your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*
ON THE DAY OF THE 2ND AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 2nd AGM at any time from 9.00 a.m. i.e. one (1) hour before the commencement of the 2nd AGM on Friday, 7 June 2024 at 10.00 a.m.
(d)	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) KJTS GROUP BERHAD 2ND AGM**" to engage in the proceedings of the 2nd 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 endeavor to respond to questions submitted by you during the 2nd AGM. If there is time constraint, the responses will be provided to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• Voting session commences from 10.00 a.m. on Friday, 7 June 2024 until a time when the Chairman announces the end of the voting session. • Select the corporate event: "**(REMOTE VOTING) KJTS GROUP BERHAD 2ND 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	• The live streaming will end upon announcement by the Chairman on the closure of the 2nd AGM.

Notes to users of the RPV facilities:

1. Should your registration for the 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.

2. 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.

3. 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 Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only a member whose name appears on the Record of Depositor as at 30 May 2024 shall be entitled to attend and vote or appoint proxy/proxies to attend and vote on his/her behalf in the 2nd AGM via RPV.

In view that the 2nd AGM will be conducted on a virtual basis, if you are unable to attend the meeting via RPV on 7 June 2024, you may appoint the Chairman of the 2nd AGM as proxy and indicate the voting instructions in the Proxy Form.

If you wish to personally participate in the 2nd AGM yourself, please do not submit any Proxy Form. You will not be allowed to participate in the 2nd AGM together with a proxy appointed by you.

Accordingly, the Proxy Form and/or documents relating to the appointment of proxy or authorised representative or attorney for the 2nd AGM whether in hard copy form or electronic means shall be deposited or submitted in the following manner not later than **Wednesday, 5 June 2024 at 10.00 a.m.**:

(i) In hard copy form

By hand or post to the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

ELECTRONIC LODGEMENT OF PROXY FORM

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	• After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event: "**KJTS GROUP BERHAD 2ND AGM - SUBMISSION OF PROXY FORM**". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.
ii. **Steps for Corporate or Institutional shareholders**	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder 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. Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.

Admin Guide (Cont'd)

For the Second Annual General Meeting ("2nd AGM")

Procedure	Action
ii. **Steps for Corporate or Institutional shareholders**	
Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online. • Select the corporate event: **"KJTS GROUP BERHAD 2ND AGM – SUBMISSION OF PROXY FORM"** • Agree to the Terms & Conditions and 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. • Login to TIIH Online, select corporate event: **"KJTS GROUP BERHAD 2ND AGM - SUBMISSION OF PROXY FORM"**. • 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

The voting at the 2nd AGM will be conducted by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting.

Shareholders or proxies or corporate representatives or attorneys can proceed to vote on the resolutions at any time from 10.00 a.m. on Friday, 7 June 2024 but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to the item (e) of the above "Procedures for RPV" for guidance on how to vote remotely from TIIH Online website at https://tiih.online.

Upon completion of the voting session for the 2nd AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTIONS

The Board recognises that the 2nd AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 2nd AGM, shareholders may in advance, before the 2nd AGM, submit questions to the Board of Directors 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, 5 June 2024, at 10.00a.m**. The Board of Directors will endeavor to address the questions received at the 2nd AGM.

DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gifts or food vouchers for the 2nd AGM as the meeting will be conducted on a fully virtual basis.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except public holidays) at:

Tricor Investor & Issuing House Services Sdn. Bhd.		
Telephone Number	General Line	603-2783 9299
Contact Person	Mr Muhammad Asyran	603-2783 9249 muhammad.asyran@my.tricorglobal.com
	Mr Ashvinder Singh	603-2783 7962 ashvinder.singh@my.tricorglobal.com
Fax Number	603-2783 9222	
Email	is.enquiry@my.tricorglobal.com	

PROXY FORM

KJTS GROUP BERHAD
(Registration No. 202201020004 (1465701-T))

CDS Account No.	
No. of shares held	

I/We .... Tel: ....
[Full name in block, NRIC/Passport/Company No.]

of ....
[Full Address]

....

being member(s) of **KJTS GROUP BERHAD**, hereby appoint:-

Full Name *(in Capital Letters)*	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and (if more than one (1) proxy)

Full Name *(in Capital Letters)*	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
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 Second Annual General Meeting of the Company to be conducted on a virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Friday, 7 June 2024 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Approval of first and final single tier dividend of 0.236 sen per ordinary share in respect of the financial year ended 31 December 2023.	Resolution 1		
2.	Re-election of Elaine Law Soh Ying.	Resolution 2		
3.	Re-election of Dr. Teoh Pek Loo.	Resolution 3		
4.	Payment of Directors' fees for the period from 8 June 2024 until the next Annual General Meeting.	Resolution 4		
5.	Re-appointment of Messrs. UHY as Auditors of the Company and authorise the Directors to fix their remuneration.	Resolution 5		
6.	Authority to the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Resolution 6		

* *Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.*

Dated this .... day of 2024

....
*Signature of Shareholder/ Common Seal
Contact Details:

** Manner of execution:*

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

1. *IMPORTANT NOTICE*
   The Broadcast Venue of the Second Annual General Meeting ("2nd 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 present at the main venue of the meeting. Shareholders ***WILL NOT BE ALLOWED*** *to attend the 2nd AGM in person at the Broadcast Venue on the day of the meeting.*
   Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 2nd AGM using Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.
   Please read these Notes carefully and follow the procedures in the Administrative Guide for the 2nd AGM in order to participate remotely.
2. *For the purpose of determining who shall be entitled to participate in this General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 30 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
3. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
4. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *A member who has appointed a proxy or attorney or authorised representative to participate at the 2nd AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Guide for the 2nd AGM.*
9. *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 General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:-*
   (i) *In hard copy form*
   In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
   (ii) *By electronic form*
   The Proxy Form can be electronically lodged with the Company's Share Registrar via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.
10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
11. *For a corporate member who has appointed an authorised representative, please deposit the* ***ORIGINAL*** *certificate of appointment of authorised representative with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:-*
   (i) *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
   (ii) *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-*
      (a) *at least two (2) authorised officers, of whom one shall be a director; or*
      (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
12. *Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.*
13. *Last date and time for lodging the Proxy Form is Wednesday, 5 June 2024 at 10.00 a.m.*
14. *Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the 2nd AGM.*

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STAMP

KJTS GROUP BERHAD
(Registration No. 202201020004 (1465701-T))
c/o **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, Malaysia

Fold here to seal

KJTS GROUP BERHAD
(Registration No. 202201020004 (1465701-T))

Suite 3.03, Level 3, Wisma E&C
No. 2, Lorong Dungun Kiri, Damansara Heights
50490 Kuala Lumpur, Malaysia

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