

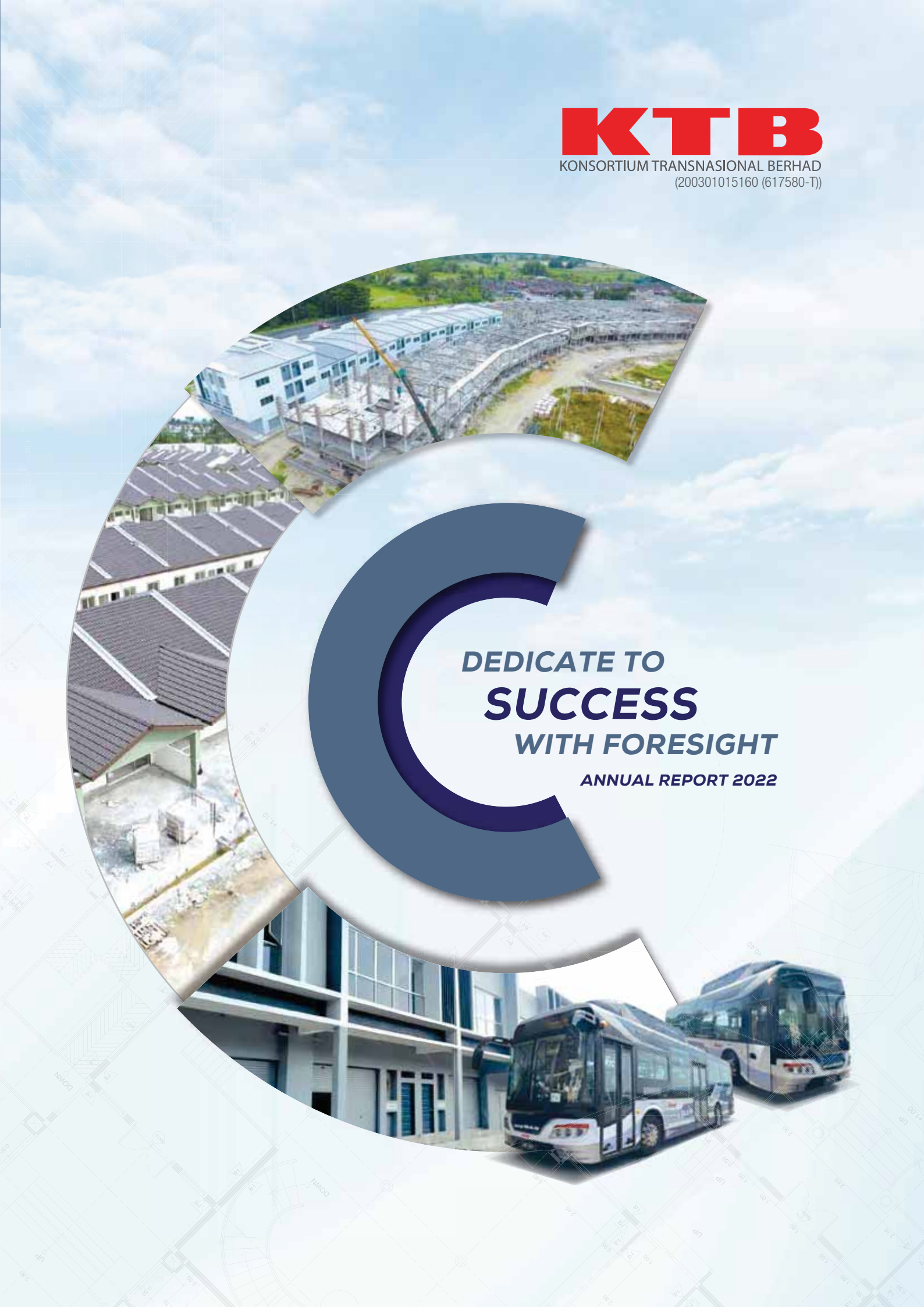
KTB

KONSORTIUM TRANSNASIONAL BERHAD
(200301015160 (617580-T))



DEDICATE TO SUCCESS WITH FORESIGHT

ANNUAL REPORT 2022



Our **VISION**

We strive to become a conglomerate that is

Profitable

Progressive

Innovative

Customer-oriented and committed to national aspirations



Inside **THIS REPORT**

- 03** Corporate Information
- 04** Corporate Structure
- 06** Board of Directors' Profile
- 09** Key Senior Management's Profile
- 12** Chairman's Statement
- 14** Management Discussion & Analysis
- 17** Sustainability Statement
- 24** Additional Compliance Information
- 27** Corporate Governance Overview Statement
- 38** Statement of Directors' Responsibilities
- 39** Audit and Risk Management Committee Report
- 42** Statement on Risk Management and Internal Control
- 45** Financial Statements
- 114** List of Properties
- 115** Analysis of Shareholdings
- 117** Notice of Annual General Meeting
- 125** Appendix A

Proxy Form

19th Annual General Meeting

Venue

Ballroom 2, Lower Ground,
Eastin Hotel Kuala Lumpur,
13, Jalan 16/11,
46350 Petaling Jaya,
Selangor Darul Ehsan.

Date

Tuesday, 30 May 2023

Time

10:00 a.m.



CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg Datuk Sulaiman Bin Daud
*Independent Non-Executive
Chairman*

YBhg Dato' Doh Tee Leong
Executive Director

Muhammad Adib Bin Ariffin
Independent Non-Executive Director

Ahmed Azhar Bin Abdullah
Independent Non-Executive Director

Koong Wai Seng
*Independent Non-Executive Director
(Appointed on 1 December 2022)*



Audit and Risk Management Committee

Ahmed Azhar Bin Abdullah
(Chairman)
Muhammad Adib Bin Ariffin
Koong Wai Seng

Remuneration and Nomination Committee

Muhammad Adib Bin Ariffin
(Chairman)
Ahmed Azhar Bin Abdullah
Koong Wai Seng

Company Secretary

Tea Sor Hua (MACS 01324)
(SSM PC No.: 201908001272)

Registered Office

Third Floor, No. 77, 79 & 81
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-7725 1777
Fax No. : 03-7722 3668

Corporate Office

Unit 303, Block G, Pusat Dagangan
Phileo Damansara 1
Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7932 3922
Website: <http://www.ktb.com.my/>

Share Registrar

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-7890 4700
Fax No. : 03-7890 4753

Principal Bankers

Ambank (M) Berhad
Al Rajhi Banking & Investment
Corporation (Malaysia) Bhd
CIMB Bank Berhad

Auditors

Al Jafree Salihin Kuzaimi PLT
(201506002872 & LLP0006652-LCA)
Chartered Accountants (AF 1522)
555, Jalan Samudra Utara 1
Taman Samudra
68100 Batu Caves
Selangor Darul Ehsan
Tel No. : 03-6185 9970
Fax No. : 03-6184 2524

Solicitors

Nesan, Cheng & Co.
Suite 23, 6th Floor, IOI Business Park
No. 1, Persiaran Puchong Jaya
Selatan
Bandar Puchong Jaya
47170 Puchong
Selangor Darul Ehsan

Mah-Kamariyah & Philip Koh
3A07, Block B, Phileo Damansara II
15, Jalan 16/11 Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan

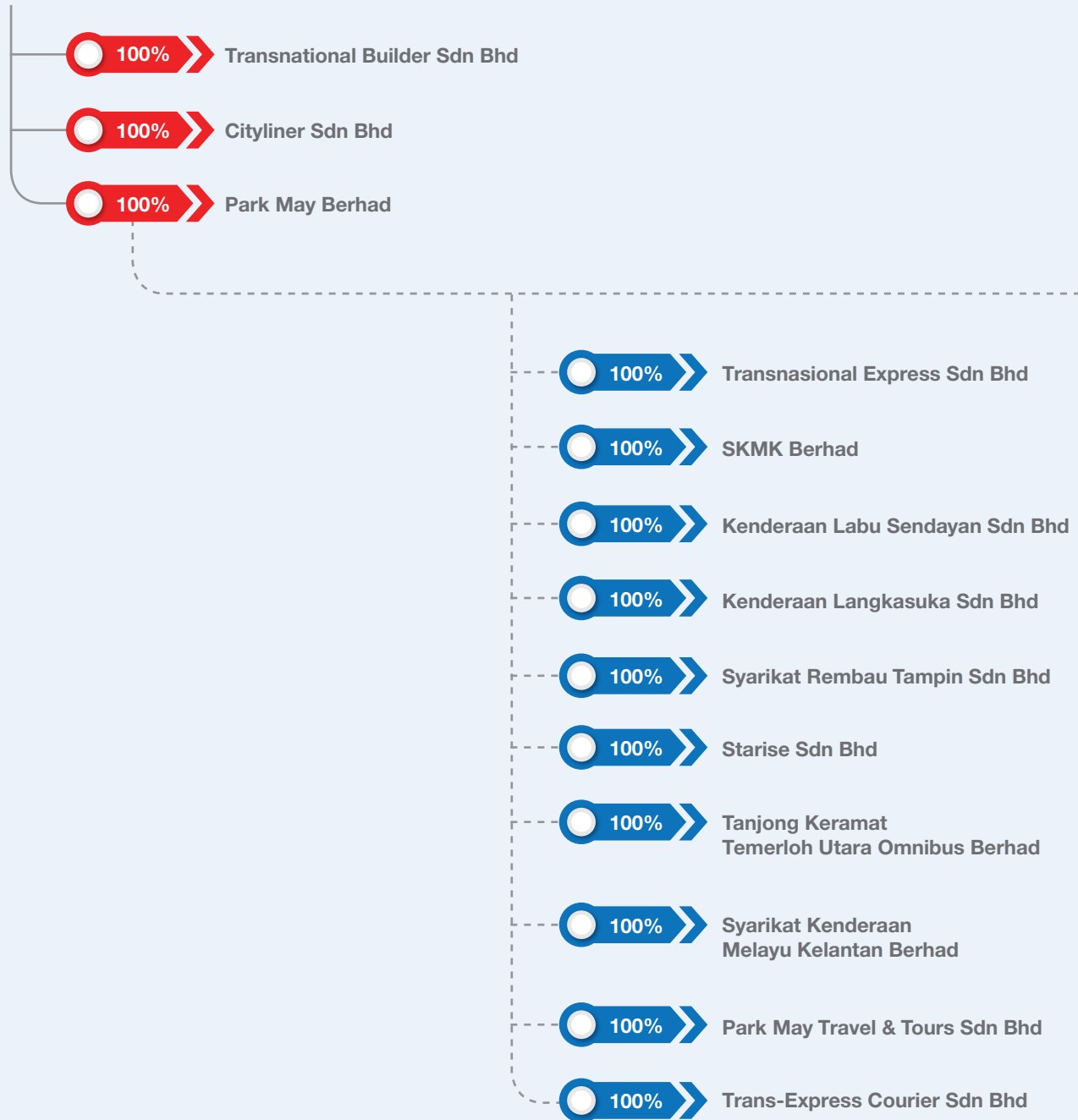
Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : KTB
Stock Code : 4847

CORPORATE STRUCTURE

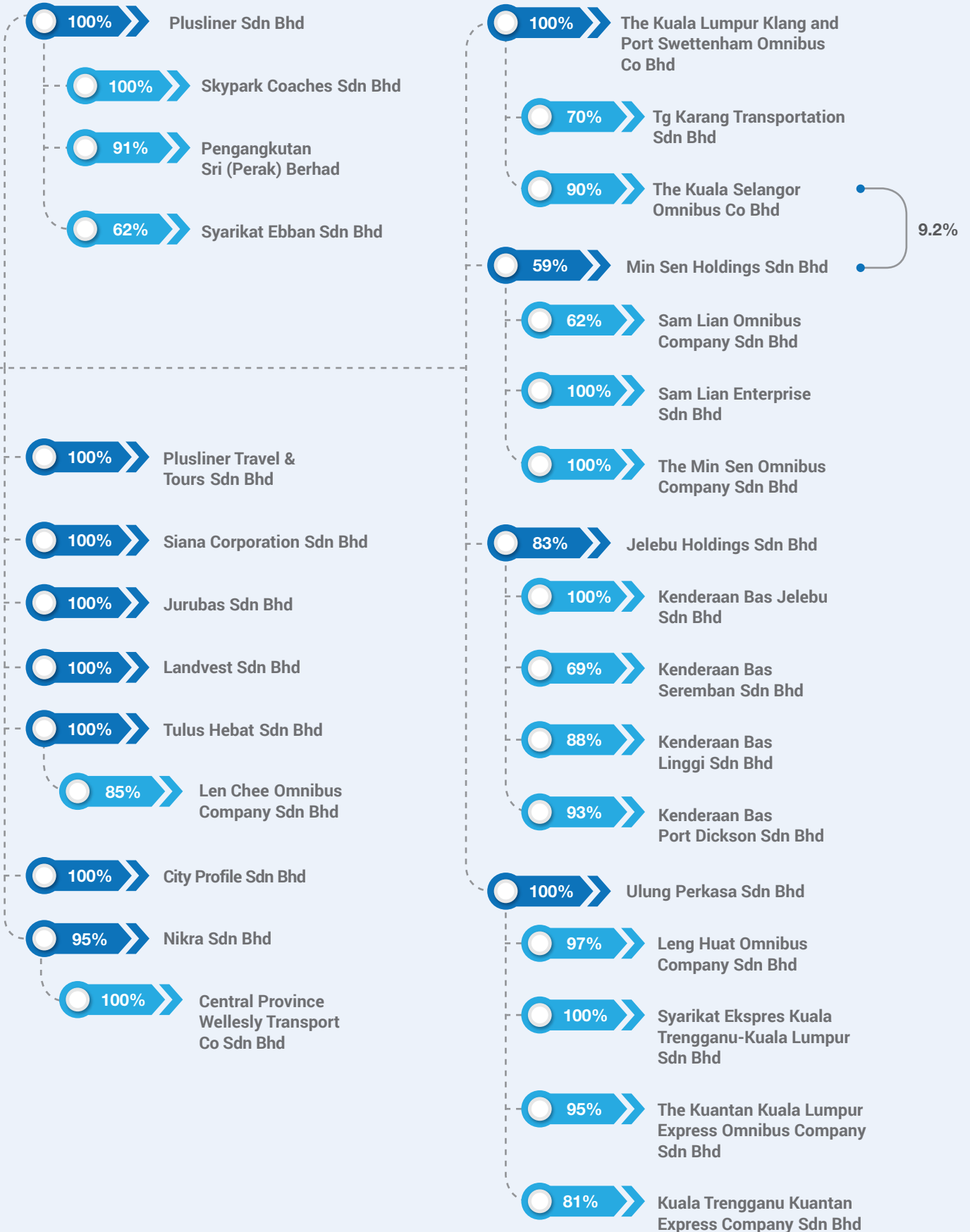
KTB

KONSORTIUM TRANSNASIONAL BERHAD



CORPORATE STRUCTURE

cont'd



BOARD OF DIRECTORS' PROFILE



YBHG DATUK SULAIMAN BIN DAUD

Independent Non-Executive Director

Nationality



Gender



Age

77

YBhg Datuk Sulaiman Bin Daud was appointed to the Board on 27 September 2005 as Independent Non-Executive Director. He was re-designated as the Independent Non-Executive Chairman of the Board on 1 March 2022. He holds a Diploma in Agriculture from Universiti Putra Malaysia and Masters in Business Administration from IMC, Buckingham, United Kingdom. He is also a graduate of the Stanford-Insead Advanced Management Programme at Fontainebleau, France.

He has over 30 years working experience in various fields in Malaysia and overseas. This includes being the Chairman of Bank Pertanian Malaysia for four terms, from 1998 to 2006. He has been a Director of Malaysia National Insurance and the Chairman of Ranhill Power Berhad. He was the Chairman of Malaysia Packaging Industry Berhad, Director of Pharmaniaga Berhad, Park May Berhad

and Silverlake Axis Limited (listed in Singapore). He was a Board member of Universiti Putra Malaysia and UMS Link Holdings Sdn Bhd, the business arm of Universiti Malaysia Sabah.

YBhg Datuk Sulaiman has a direct holding of 850,000 ordinary shares in the Company. He has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted with any offence within the past five (5) years and has not been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

YBhg Datuk Sulaiman attended five (5) out of six (6) Board Meetings held during the financial year ended 31 December 2022.



YBHG DATO' DOH TEE LEONG

Executive Director and Key Senior Management

Nationality



Gender



Age

48

YBhg Dato' Doh Tee Leong was appointed to the Board on 7 January 2022 as the Executive Director. He is also a major shareholder of the Company. He holds a Bachelor of Science (Hons) in Civil Engineering from The Ohio State University.

YBhg Dato' Doh Tee Leong has been in the property development and construction industry for over 20 years and has also sat on the board of various medical center companies since 2016. He was also previously the Non-Independent Non-Executive Chairman of Lagenda Properties Berhad.

YBhg Dato' Doh Tee Leong has no conflict of interest with the Company. He has not been convicted with any offence within the past five (5) years and has not been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

YBhg Dato' Doh Tee Leong does not hold any directorship in other public companies and listed issuers but holds directorships in several private limited companies.

YBhg Dato' Doh Tee Leong attended all six (6) Board Meetings held during the financial year ended 31 December 2022.

BOARD OF DIRECTORS' PROFILE

cont'd



ENCIK MUHAMMAD ADIB BIN ARIFFIN

Independent Non-Executive Director

Nationality



Gender



Age

60

Encik Muhammad Adib Bin Ariffin was appointed to the Board on 2 April 2007 as an Independent Non-Executive Director. He is the Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee. He holds a Bachelor in Economic (Major in Accounting and Finance) from the Monash University, Victoria, Australia. He is a member of Malaysian Institute of Accountants (MIA) and Fellow of Australian Society of Certificate Practising Accountants (ASCPA).

Encik Muhammad Adib had served over 20 years at several corporations, holding various positions in finance, operations, investments and corporate development. His industry involvement includes financial services,

construction, manufacturing, property and agriculture.

Encik Muhammad Adib does not hold any shares in the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted with any offence within the past five (5) years and has not been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

Encik Muhammad Adib attended all six (6) Board Meetings held during the financial year ended 31 December 2022.



ENCIK AHMED AZHAR BIN ABDULLAH

Independent Non-Executive Director

Nationality



Gender



Age

62

Encik Ahmed Azhar Bin Abdullah was appointed to the Board on 20 December 2021 as an Independent Non-Executive Director. He is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee. He holds a Bachelor of Science in Accounting from California State University (Fresno) and Master of Business Administration from California State University, Dominguez Hills (Los Angeles).

After graduation, Encik Ahmed Azhar commenced his career as an Internal Auditor with Malaysian Mining Corporation Berhad ("MMC"). In 1992 to 1995, he was appointed as the General Manager for Bracken Services Ltd (London), a subsidiary of MMC Marketing Sdn Bhd based in London, responsible for operations and all financial matters. Upon his return, he served in various management capacities within the MMC Group. He joined Gas Malaysia Sdn Bhd in November 2000 and was the Head of residential and commercial sales unit for natural gas and liquefied petroleum gas until March 2005. From

2005 to 2010, Encik Ahmed Azhar was the Executive Director of MOCCIS Furniture Sdn Bhd and MCCM Marketing Sdn Bhd. Thereafter, he continued his career with Tanjak Group as Head of Finance and Corporate from 2010 to 2012.

Encik Ahmed Azhar is currently the Chief Operating Officer of Izrin & Tan Properties Sdn Bhd and he also sits on the Board of LB Aluminium Berhad.

Encik Ahmed Azhar does not hold any shares in the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted with any offence within the past five (5) years and has not been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

Encik Ahmed Azhar attended all six (6) Board Meetings held during the financial year ended 31 December 2022.

BOARD OF DIRECTORS' PROFILE

cont'd



MR. KOONG WAI SENG

Independent Non-Executive Director

Nationality



Gender



Age

56

Mr. Koong Wai Seng was appointed to the Board on 1 December 2022 as an Independent Non-Executive Director. He is a member of the Audit and Risk Management Committee and the Remuneration and Nomination Committee. He holds a Bachelor in Finance and Accounting from the University of Malaysia. He is a member of Malaysian Institute of Accountants (MIA) and Malaysia Institute of Certified Public Accountant (MICPA).

Mr. Koong Wai Seng has almost 30 years of financial and key management experience in a variety of industries including audit, financial advisory, retail, leisure, hospitality, healthcare, automotive, as well as property development, property investment, property management and construction.

Mr. Koong began his career in Arthur Andersen & Co. as Audit Senior cum Consultant before joining Sunway Group for 14 years where initially as a Senior Accountant and eventually appointed as Chief Financial Officer and later as the Group Finance Director.

Subsequently, he joined Tropicana Corporation Berhad for 3 years which he was promoted as Executive Director in 6 months after joining the company.

Mr. Koong resigned from Tropicana Corporation Berhad and joined Sunsuria Berhad in 2013 as Deputy Chief Executive Officer and then promoted as the Chief Executive Officer during his 6 years career in the company, he was also an Executive Director of the Sunsuria Berhad.

In 2019, he resigned from Sunsuria Berhad and joined Quill Group as the Group Chief Executive Officer.

In 2021, he joined Skyworld Development Group as Chief Executive Officer for a 1-year contract.

Mr. Koong does not hold any shares in the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted with any offence within the past five (5) years and has not been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

Mr. Koong Wai Seng was appointed to the Board on 1 December 2022, hence he did not attend any Board Meetings during the financial year ended 31 December 2022.

KEY SENIOR MANAGEMENT'S PROFILE



MR. CLEMENT VALENTINE TOH SHU YEN
Group Chief Executive Officer

Nationality



Gender



Age

47

Mr. Clement Valentine Toh Shu Yen was appointed as Group Chief Executive Officer of the Company on 1 July 2022. He holds a Bachelor in Commerce from the University of Melbourne. He also holds Masters in Finance and Master of Accountancy from Royal Melbourne Institutes of Technology, Australia.

Mr. Clement Toh brings with him over 24 years of experience in corporate finance, investment and merchant banking across various industries, including property development, food and beverages, manufacturing, fast-moving consumer goods, financial services and consultancy firms.

He is highly experienced in initial public offerings, mergers and acquisitions, restructuring, corporate strategy and planning, business development, as well as execution of fiscal and operational strategies.

Mr. Clement Toh began his career in 1999 as an Associate Consultant in Pricewaterhouse Coopers Consulting Sdn Bhd. In 2002, he joined Southern Investment Bank Berhad's ("SIBB") Corporate Finance / Investment Banking Division. He was subsequently promoted to Assistant Manager in 2004 and resigned from SIBB in 2005. He then co-founded Protégé Associates (M) Sdn Bhd, a corporate advisory and independent market researcher and business advisory firm in 2005 which he subsequently divested in 2007 to pursue his personal interest.

Since then, he has held senior management positions in several listed companies such as Power Root Berhad, Tropicana Corporation Berhad and Sunsuria Berhad. He also owned a franchised desserts chain store in Singapore and Australia which was divested in 2015. His last engagement prior to joining Konsortium Transnasional Berhad was with Lagenda Properties Berhad as General Manager which he held since 2018.



MR. LIM SEE HUI
Chief Financial Officer

Nationality



Gender



Age

39

Mr. Lim See Hui is a member of the Association of Chartered Certified Accountants (ACCA) and a registered Chartered Accountant with the Malaysian Institute of Accountants (MIA).

He has over 16 years of working experience in the field of auditing, taxation, accounting, financial reporting, business plan and budget, treasury management and corporate strategy in various organisations before joining the Company as the Chief Financial Officer on 7 January 2022.

He started his career as an auditor having served various capacities in audit firms before leaving in 2013 to join the commercial sector.

Subsequently, he held various senior positions which include Financial Controller, Vice President of Finance, Senior Group Finance Manager, Senior Treasury Manager and Group Accountant for both listed and non-listed companies. His industry experiences ranging from property developer, construction, food & beverages, manufacturing, trading, information and communication technology (ICT).

He has been actively involved in the set-up of new account team, revamp group reporting structure from various entities within the group from Malaysia and Vietnam, finance process improvement, ERP system migration, business plan for new venture and business license application.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd



ENCIK IBRAHIM AIMAN MOHD NADZMI

Director of Cityliner Sdn Bhd

Nationality



Gender



Age

28

Encik Ibrahim Aiman Mohd Nadzmi was appointed as a Director of Cityliner Sdn Bhd on 1 August 2019. In April 2020, he was tasked to oversee and turnaround loss making Cityliner Sdn Bhd after the departure of a key personnel. His focus is to improve the performance of Cityliner Sdn Bhd by reducing the penalties imposed by the regulators.

He graduated with a Bachelor's Degree in Economics at the University of California, Santa Barbara. He immediately started his career in corporate services as Special Officer to Chairman & Managing Director at Nadicorp Holdings Sdn Bhd where his responsibilities were to oversee and provide status reports of Nadicorp's subsidiaries to the Chairman. His role has allowed him to gain experience in 3 industries, namely Public Transport, Logistics and Manufacturing. He was heavily involved with the development of new and special projects for Nadicorp where he is charge of furnishing and presenting new business opportunities for the group.

Moreover, his role was to ensure that all tender participation, planning, budget, costing, and delivery for any projects for Nadicorp is in order and complete. He was also tasked to audit and provide reports to improve cost and efficiency in stage and express bus operations.

Concurrently in 2019, Encik Ibrahim Aiman was also the Special Officer at Transocean Holdings Bhd, a public listed company based in Penang providing total logistics solutions where his role is to provide status reports to the Chairman. Later in March 2021, he was then appointed as an Executive Director of Transocean Holdings Bhd. He is in charge of the management and oversight of the day-to-day operations is heavily involved in the marketing, public relations as well as ensuring full utilisation of capex, diversification of business and cost management of the company.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd



MR. EDISON CHOO LI SHENG

Project Director

Nationality



Gender



Age

33

Mr. Edison Choo Li Sheng was appointed as the Project Director for the construction business of the Company on 1 November 2022. He holds a Degree in General Computing from the Asia Pacific University of Technology and Innovation, Malaysia.

Mr. Edison Choo has over 11 years of experience in the construction industry, from planning stages to the successful execution and completion of the construction.

He began his career in October 2011 as an Assistant Project Manager with Mastec Engineering Sdn Bhd where he involved in implementing and monitoring the progress of the projects to ensure adherence to the predetermined schedules, as well as assisting in the drawings and revision to the designs.

Mr. Edison Choo subsequently joined Mestact Services Sdn Bhd as a Project Manager in June 2016, where he involved in the planning and implementation of the master project schedule and liaising with various parties and consultants for all project matters relating to authority, planning, contracts and construction.

In January 2020, he joined JMJ Mega Sdn Bhd as a Project Director, where he oversees the planning, execution and completion of multiple construction projects to ensure that the projects are completed on time and within budget. He left JMJ Mega Bina Sdn Bhd in October 2022 and subsequently joined KTB Group in November 2022 where he assumed his current position.

Notes:

1. None of the Key Senior Management personnel have any directorship in public companies and listed issuers.
2. None of the Key Senior Management personnel have any family relationships with any Directors and/or major shareholders of the Company.
3. None of the Key Senior Management personnel have any conflict of interests with the Company.
4. None of the Key Senior Management personnel have been convicted of any offences (other than traffic offenses, if any) within the past five (5) years or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.

Chairman's **STATEMENT**



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Konsortium Transnasional Berhad's ("KTB") Annual Report and Audited Financial Statements for the financial year ended 31 December 2022 ("FY2022").

The past two years have been challenging for the KTB and its subsidiaries ("Group") as one of the largest operators of public transportation in Malaysia. Observing challenges faced especially due to the pandemic, we diversified into the construction business in 2021 through our wholly-owned subsidiary, Transnational Builder Sdn Bhd to provide alternative sources of revenue.

During the year, we unveiled a series of initiatives to transform and grow KTB as one integrated business. Importantly, we have proposed the disposal of our loss-making express bus segment as part of the regularisation plan submitted to Bursa Malaysia Securities Berhad on 29 September 2022, and focused on our core business of stage bus services and construction.

We are confident that these strategies will harness the synergies across the Group and regularise our operations to address the Practice Note 17 (PN17) status.

REVIEW OF FINANCIAL PERFORMANCE

In the FY2022 the Group generated a revenue of RM96.1 million, which marks a substantial increase of 254% compared to the RM27.1 million earned in the preceding year. Of this revenue, the Public Transportation Services sector contributed 42.8%, while the Construction sector contributed 57.2%. The Group also narrowed its loss before tax in FY2022, amounting to RM7.73 million,

CHAIRMAN'S STATEMENT

cont'd

which represents a decrease of RM2.26 million from the RM9.99 million recorded in the financial year ended 31 December 2021.

GLOBAL OVERVIEW

The macroeconomic headwinds challenging the global front are expected to have a moderate impact on the domestic economy. The revised Budget 2023 anticipates that the Malaysian economy will achieve a Gross Domestic Product ("GDP") growth rate of 4.5%, driven by heightened economic activities, including optimism in the property sector. Despite global market turmoil, Asia's scale and dynamism are powering growth in the construction and transportation industry, which is sustaining demand for construction materials, labour, and power. In the construction industry, two key themes emerge - tech adoption and sustainability in construction. In the public transportation sector, the zero-carbon movement has profound implications for the industry's direction. With over 60% of the world's population expected to be living in towns and cities by 2030, the need for public transportation to cut emissions will become increasingly important.

INDUSTRY OVERVIEW

The construction sector is expected to grow by 6.1% in 2023, and the revised Budget 2023 provides potential to support this growth particularly in the affordable housing segment and through government incentives to spur residential home purchases. This presents many opportunities in the affordable home segment, which is our key strength and expertise. KTB specialises in the construction of affordable homes and currently, we are involved in similar on-going development projects in Selangor, Perak and Pahang. In view of the potential in the industry, we are poised to strengthen and expand our construction business by seeking more awards and pursuing strategies such as potential Merger and Acquisition ("M&A") with other construction players in the market. On the public transportation segment, the revised budget also provides some incentives for the transportation industry, reinforcing the significance of the bus transport industry as a vital cog in the government's public transport agenda. Meanwhile, we continue to lobby for deregulation in the industry to mitigate the rising operating costs while fares remain unchanged.

PROSPECTS

The Malaysian construction industry is projected to grow at a CAGR of 6.9% from RM53.88 billion in 2022 to RM70.82 billion in 2026, with residential properties price at RM300,000 and below being the most popular. The Group intends to focus on exploring construction work opportunities in residential development for affordable housing such as semi-detached, terrace houses and apartments, given that the market for affordable homes continues to dominate the Malaysian residential property segment and it is also KTB's core strength and area of focus. For the public transportation services, we anticipate a rise in commute to work as work-from-home arrangements reduce. Additionally, the segment is expected to grow due to population growth, urbanisation, and government initiatives while the National Transformation Plan 2019-2030 is also expected to stimulate demand for stage buses.

ACKNOWLEDGMENTS

On behalf of the Board of Directors, I would like to thank the management team and the staff for their efforts and commitment during the year under review. It is your dedication that has led the Group to the success that it enjoys today. We wish to also express our gratitude for the co-operation and support accorded by the Land Public Transport Agency (APAD), the Road Transport Department, the Ministry of Finance, the Ministry of Transport, Ministry of Health, and other relevant Government ministries and agencies, our business partners and all stakeholders. Last but certainly not least, to our shareholders, we thank you for your unwavering support in all our efforts to manage the Company in this challenging time. We will continue to build on the past achievements of the Group to attain excellence in all areas.

YBhg Datuk Sulaiman Bin Daud

Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Konsortium Transnasional Berhad (“KTB”) and its subsidiaries (“the Group”) is one of the largest operators of public bus transportation comprising stage and express bus services in Malaysia predominantly covering routes in several states, servicing major cities and towns in Peninsular Malaysia.

In April 2020, KTB was classified as an affected listed issuer triggering Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). As part of the Group’s restructuring exercise to exit from the PN17 status, in 2021 we diversified into the construction industry to reverse the revenue decline through Transnational Builder Sdn Bhd (“TBSB”), a wholly-owned subsidiary of KTB. Further steps were taken by submitting a Proposed Regularisation Plan to Bursa Securities in September 2022 to regularise the financial condition of KTB Group in order to address and uplift the PN17 status. The Proposed Regularisation Plan comprises (i) Proposed disposal of loss-making Express Bus Business; (ii) Proposed share capital reduction; and (iii) Proposed Private Placement.

Currently, the Express Bus is operating on a smaller scale of selected routes only, while the Stage Bus operations which provide public transportation services under the ‘Cityliner’ brand in Negeri Sembilan remains.

FINANCIAL REVIEW

Revenue

KTB’s overall revenue increased from RM27.11 million in the financial year ended 31 December 2021 (“FYE 2021”) to RM96.07 million in financial year ended 31 December 2022 (“FYE 2022”) or approximately 254.43%, mainly contributed by Construction Business (57.21%) and Stage Bus Business (22.61%).

Construction Business

The Group diversified into Construction Business in October 2021. The revenue from Construction Business increased by RM46.71 million or 566.14% for the FYE 2022 mainly contributed by higher percentage of construction works undertaken for Project SSI, Phase 1 of Project Cameron and Project Bidor of 51.71%, 100.0% and 55.21% respectively during the FYE 2022. Additionally, in FYE 2022, the Group had commenced construction work for Project Probil 1 and Project Kuala Lipis which contributed revenue of approximately of RM2.61 million in FYE 2022.

Stage Bus Business

The revenue from Stage Bus Business increased by RM5.70 million or 35.31% for the FYE 2022 as a result of the continuous improvement in operations, wherein the Stage Bus Business had appointed new personnel to jointly manage our operations with UNIC Leisure Transtour Sdn Bhd (“UNIC”), which had led to a corresponding increase in Kilometres serviced and consequently a decrease in the amount of penalties incurred.

Express Bus Business

The revenue from Express Bus Business increased by RM16.58 million or 592% in FYE 2022. The significant increase in the percentage of revenue contribution for FYE 2022 was due to the minimal revenue generated by the Group’s Express Bus Business in FYE 2021 which was a result of the suspension of operations of our Express Bus Business from January 2021 to September 2021. Though the revenue contribution from the Group’s Express Bus Business has increased in FYE 2022, it is still significantly lower compared to the financial years prior to outbreak of Covid-19 as the Group is currently operating on a smaller scale and focusing on selected routes that have higher passenger demand to minimise the operation of loss-making route.

Loss before tax / Loss after tax

For the FYE 2022, KTB Group recorded Loss Before Tax (“LBT”) of RM7.73 million (LBT margin of 8.04%) as compared to LBT of RM9.99 million (LBT margin of 36.86%) in the preceding financial year. The LBT is mainly due to the loss on disposal of buses of RM10.81 million recorded in FYE 2022. Nonetheless, the lower LBT for FYE 2022 was also due to Profit Before Tax of RM14.20 million recorded by KTB’s construction business during the financial year which resulted in the improvement of KTB Group’s LBT margin from 36.86% in FYE 2021 to 8.04% in FYE 2022.

For the FYE 2022, Construction Business achieved a Profit After Tax (“PAT”) of RM10.79 million (FYE 2021: PAT of RM1.89 million) and KTB’s Stage Bus Business achieved PAT of RM1.43 million (FYE 2021: Loss After Tax (“LAT”) of RM2.42 million); whilst Express Bus Business, which is the subject matter of the Proposed Disposal, recorded LAT of RM20.82 million (FYE 2021: LAT of RM1.25 million).

MANAGEMENT DISCUSSION & ANALYSIS

cont'd

In view of the profits generated by the Construction Business, KTB Group recorded tax expense of RM3.49 million in FYE 2022, resulting in the Group recording LAT of RM11.22 million during the FYE 2022.

Operations Review

This year, the Group is focusing on our new construction business and the restructuring of our public transportation business. Growing deficits in the Public Transportation Business since 2017 teamed with two years of poor passenger volumes due to the travel restrictions imposed during the COVID-19 pandemic prompted KTB to diversify its revenue stream by venturing into the construction business through TBSB. On the other hand, as one of the restructuring exercise, the Group proposed to dispose off its loss-making Express Bus Business.

With operations streamlined, the Group is concentrating on turning around the organisation to achieve stellar performance by focusing on our core business of stage bus and construction.

Construction Division

KTB's construction division, TBSB was set up during the fourth quarter of the FYE 2021 as a part of our diversification strategy to reverse the growing deficit in our income. This division has since acquired an order book worth RM485.45 million, up to the FYE 2022 comprising seven (7) construction awards which will entail the completion of 2,557 units of homes and shop houses in Perak, Selangor and Pahang. The unbilled order book of RM422.23 million contribute visible earnings to the Group for the next three (3) to five (5) years.

In addition of awards received in FYE 2022, the Group has also secured another three (3) construction awards worth RM164.97 million in first quarter of 2023 in Melaka and Pahang.

As a new entrant, TBSB faces stiff competition in the industry from more established construction companies that have longer track records as well as resources, in terms of capital, machinery and manpower. KTB's financial performance may be affected by highly competitive pricing in the process of securing a construction contract. Nevertheless, the ten (10) construction awards received are gradually establishing a track record for TBSB as a reputable and reliable contractor. This division also banks on the Group's key senior management team for experience, reputation, networks and expertise due to our short operating history.

As a Grade G7 contractor, TBSB has the approved capabilities to undertake main contractor and/or total package contracting works, providing greater opportunities to tender and secure more sizeable construction awards in the industry.

This segment faces operational risks from the rising material costs and labour shortages. While material costs, such as cement are starting to level off, KTB has submitted a request for a labour quota in order to fulfil requirements for foreign labour hire. As such, we anticipate no scarcity of workers in the near future.

The management is confident of achieving healthy margins in the near future for our construction projects.

Public Transportation Services Division

The public transportation services entail the provision of Express Bus Service and free to board stage bus services through wholly-owned subsidiary, Cityliner Sdn Bhd ("CLSB") under the Stage Bus Service Transformation ("SBST") Programme.

This division saw marked improvement in operations for the FYE 2022 as revenue increased by 120%, however losses widened by 75% as the Group still suffers losses from the higher operating costs in running the Express Bus Services. On the other hand, the Stage Bus Services have shown improvement and is generating profit for the Group. As such, the Management finds it tenable to concentrate efforts on the Stage Bus Services and further explore SBST opportunities in other states within the Country.

Cognisant of the need to improve the efficiency and productivity of this division, in August 2021, KTB engaged the services of UNIC, an experienced contractor in bus transportation services. Further, in FY2022 new personnel has been appointed in Stage Bus Business, to jointly manage our operations with UNIC. As result, revenue generated by the Stage Bus Business increased from RM19.05 million in FY2021 to RM21.72 million in FY2022. Meanwhile, penalties imposed by Agensi Pengangkutan Awam Darat ("APAD") for not meeting the requisite service levels dropped by 38% in FY2022.

CLSB's SBST agreement with APAD will expire in November 2023, while the agreement with Unit Perancang Ekonomi Negeri ("UPEN") to operate free bus routes in Negeri Sembilan has expired, which we have submitted tender and waiting for the result.

MANAGEMENT DISCUSSION & ANALYSIS

cont'd

The Stage Bus Business is subject to operational risks of shortage of operable buses, shortage of bus drivers and scarcity of natural gas stations. We have intensified efforts to maintain our fleet of buses regularly and recruited additional pool of contractual drivers for the buses. There are only two (2) natural gas stations in the proximity of Seremban for the refuelling of CLSB's buses, as such there can be no assurance that CLSB would not experience similar disruption in the future.

Prospects

While the economy in the year 2023 is projected to slow down as recession is likely to be experienced in larger economies, the Malaysian economy is expected to expand by 4.5% as development projects continue. We expect our construction division to continue driving growth in the coming year, supplemented by our stage bus business.

The Group will ensure our ongoing construction projects are successfully executed and on time. To gain an edge in the industry, we aim to build our track record as a reliable and reputable turnkey contractor that is able to deliver products on time with minimal defects and at an affordable price.

The Group will look into expanding the orderbook for landed development projects in Malaysia and venture into the industrial building construction segment. In a bid to enhance our revenue and increase the profile of the Group in the construction industry, we will focus on the affordable segment of residential housing and industrial properties. The Management also sees potential in strengthening TBSB's foothold in our bases of Perak, Selangor, Pahang and Melaka whilst eyeing opportunities in other states within Malaysia.

The Group is exploring ways to improve the profit margin of our Construction Business, including bolstering our team and expanding the range of construction services we offer.

On the transportation division, the National Transformation Plan ("NTP") 2019-2030 aimed at strengthening public transport infrastructure is expected to spur demand for stage buses especially in areas where there is limited access to other forms of public transportation. To leverage this potential, KTB will focus on improving productivity levels of our operations to maximise kilometres serviced, reduce penalties imposed as well as manage overall cost of operations.

The Group will also identify and manage operational issues that has led to continued incurrence of penalties and consequentially affecting CLSB's ability to maximise our revenue.

The Group has been informed that the APAD Agreement will undergo an open tender process in 2023. As this aligns with the Group's current strategic focus, we intend to participate in the tender and offer our stage bus services upon receipt of the tender invitation.

Obtaining grant of APAD Contract will allow KTB to plan for the mid- to long-term in the Stage Bus business in terms of bus specifications, fleet size and age and the need for sufficient drivers. We intend to have a balanced mix of contractual drivers and permanent drivers on our payroll for cost management purposes. The Group is considering the incorporation of EV buses into our service as part of our environmental, social and governance (ESG) initiative.

SUSTAINABILITY STATEMENT

INTRODUCTION

This Sustainability Statement is prepared as required under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with the Sustainability Reporting Guide (“Guide”) issued by Bursa Securities.

Our Sustainability Statement outlines the sustainability issues that are relevant to both our stakeholders and business operations. It encompasses our efforts to identify and assess economic, environmental, and social (“EES”) risks and opportunities and sustainability matters, with the goal of developing a comprehensive sustainability strategy that provides practical solutions. In doing so, we have taken into account the most critical sustainability issues that impact both our direct and indirect stakeholders, including employees, shareholders and investors, government authorities, the local community, and the public at large. We have prepared this report in accordance with the requirements stated in the Guide that applies to Konsortium Transnasional Berhad and its subsidiaries (“the Group”) located in Malaysia. Our sustainability practices aim to generate long term benefits for our stakeholders in terms of business continuity and value creation.

SCOPE OF REPORT

This statement covers predominantly the sustainability performance of our core business operations which comprise two divisions, the public transportation services sector and the construction services sector for the financial year ended 31 December 2022 being the first full year disclosure of the construction business following its diversification in the fourth quarter of the previous financial year.

COMMITMENT TO SUSTAINABILITY

Pursuant to the Practice Note 9 of the Listing Requirements of Bursa Securities, this Sustainability Statement is prepared to enable the stakeholders to gain an understanding of the EES risks and opportunities that are material to the Group’s business activities. This statement provides an insight to our approach in achieving sustainability across our operations.




The Group is committed to promote sustainability and has embedded policies in our operations to minimise the impacts of our transportation and construction activities on the environment and communities where we carry out our operations.

The responsibility to ensure that sustainability is a priority in the Group’s business strategy lies with the Board of Directors. Senior Management is tasked to incorporate sustainability considerations in the day-to-day operations of the Group. Underlying these efforts are commitments the Group has towards good governance which include sound and business ethics, viable policies and stewardship.

In line with the Guide, sustainability is viewed in the context of EES, as good governance is regarded as one of the underlying foundations that underpin the focus on performance along the aforementioned dimensions. The terms economic, environmental and social can be explained as follows:

SUSTAINABILITY STATEMENT

cont'd

 ECONOMIC	 ENVIRONMENTAL	 SOCIAL
<p>An organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national and global levels. It does not focus on the financial condition of the organisation.</p> <p>Note: These may include the organisation's procurement practices, or community investment.</p>	<p>An organisation's impact on living and non-living natural systems, including land, air, water and ecosystems.</p> <p>Note: These may include the organisation's usage of energy and water, discharge of emissions, or loss of biodiversity, etc</p>	<p>The impacts an organisation has on the social systems within which it operates.</p> <p>Note: These may include the organisation's relationships with communities, employees, and consumers, etc.</p>

(Source: Adapted from the GRI Standards)

STAKEHOLDER ENGAGEMENT

A stakeholder is essentially an individual or a group that has an effect on, or is affected by our Group and our activities. Naturally, our stakeholders influence the way we carry out our business activities and how we formulate our strategies to meet their expectations and to generate long term benefits to our stakeholders in terms of business sustainability and value creation.

The table below lists the needs of our different stakeholder groups and how we engaged and addressed their needs.

Stakeholder Groups	Areas of Interest	Engagement Methods	Frequency of Engagement
Investors/ Shareholders	<ul style="list-style-type: none"> Return on investment Business prospects 	<ul style="list-style-type: none"> Engagement with shareholders during the Company's annual general meeting Quarterly reporting Dissemination of information through the Company's website 	<ul style="list-style-type: none"> Annually Quarterly Ongoing
Customers	<ul style="list-style-type: none"> Service quality Reliable services 	<ul style="list-style-type: none"> Customer's feedback After-sales services 	<ul style="list-style-type: none"> Ongoing Ongoing
Employees	<ul style="list-style-type: none"> Competitive salary and benefits package Clear line of reporting and proper communications channel Work-life balance Career path and opportunities 	<ul style="list-style-type: none"> Employee handbook Internal training Engagement with employees Occupational safety and health 	<ul style="list-style-type: none"> Ongoing Ad hoc Ongoing Ongoing
Vendor	<ul style="list-style-type: none"> Procurement policy and procedures Prompt payments within credit period Business prospects and financial stability 	<ul style="list-style-type: none"> Practising procurement policy and procedures Assessment on suitability of vendors 	<ul style="list-style-type: none"> Ad hoc Ongoing

SUSTAINABILITY STATEMENT

cont'd

Stakeholder Groups	Areas of Interest	Engagement Methods	Frequency of Engagement
Communities	<ul style="list-style-type: none"> Impact of operations on surrounding environment Corporate social responsibility 	<ul style="list-style-type: none"> Provide job opportunities Pay attention to polluting emissions and effluents 	<ul style="list-style-type: none"> Ongoing Ongoing
Regulatory Authorities	<ul style="list-style-type: none"> Compliance with existing laws Standards and certification 	<ul style="list-style-type: none"> Updates on rules and regulations Consultation with authorities Attendance at relevant seminars and conferences 	<ul style="list-style-type: none"> Ad hoc Ad hoc Ongoing

MATERIAL SUSTAINABILITY MATTERS

Sustainability matters are the risks and opportunities arising from the EES impacts of an organisation's operations and activities and sustainability matters are considered material if they (a) reflect our Group's significant EES impacts; or (b) substantively influence the assessments and decisions of our stakeholders. Based on existing policies and practices, we have identified and prioritised the following material sustainability matters which have the greatest impacts on our business operations and stakeholders.

ECONOMIC

We have formulated sustainability practices which aim to generate long term benefits to all our stakeholders in terms of business continuity and value creation. Our view to business excellence is the focus on strong corporate governance and prudence in financial management by adapting to the challenges from market changes. We strive to achieve the following:

- Healthy turnover and strong operating cash flows;
- Maximising vehicles utilisation to enhance operation efficiency and productivity;
- Strict adherence to planned work schedule for our construction progress to ensure timely delivery of work done; and
- Retain customers by providing quality and prompt services.

Marketplace

We are committed to conducting our business activities ethically and in a transparent manner to build a lasting and trusting business relationship with all our stakeholders. We see the need to strengthen our foothold in our operation base of Perak, Selangor, Pahang and Melaka whilst eyeing opportunities in other states within Malaysia.

Expanding orderbook

Currently, majority of the projects secured by the Group are landed building construction. The Group intends to explore potential construction works for industrial properties such as factories and warehouses in the near mid-term leveraging the increasing demand for industrial properties pursuant to the recovery of manufacturing activities in Malaysia from the Covid-19 pandemic.

Strengthening internal capabilities

To maximise the efficiency of our construction division we expanded our personnel size to 32 (FY 2021: 20) and will further in tandem with the size and requirements of the additional construction projects secured. Currently we obtained an approval of quota for 800 foreign workers to work at our construction sites.

SUSTAINABILITY STATEMENT

cont'd

Certification

KTB has obtained a 4 star grade by the Malaysian Institute of Road Safety Research (MIROS) for our operations in Kelantan and Terengganu. We are actively preparing to obtain similar certification awards for the other areas. KTB has also obtained the CIDB Grade G7 registration from the Construction Industry Development Board ("CIDB"), which allows the Company to bid for and secure new construction contracts as well as enables it to undertake construction projects without any limit in contract value.

Service Quality & Customer Satisfaction

Our reputation is built upon the quality and prompt services to our customers. Our services meet regulatory, safety and quality standards and expectation of our customers.

We recognise and believe in the slogan of "the customer is always right". In line with this slogan, our employees are well trained to give high priority to customer satisfaction and to achieve this attribute our employees are required to attend the relevant trainings.

To build our market share, we constantly engage our customers to obtain feedback which will form part of our database to formulate our business strategy that will expand market share, enhance operational efficiency and propel our organisation's profitability.

ENVIRONMENTAL

Transportation

The Group regularly reviews its environmental policies to address pressing environment concerns, and explore measures to reduce the impact of its operations on the environment.

The Board and management are following closely on the technology development on the two major problems faced by the transport industries:

- Carbon emissions from vehicles; and
- Road safety and accidents.

We are following closely on technology improvement for the green vehicles or environmentally friendly vehicles.

Natural Gas Vehicles

In a bid to cut down our carbon emissions, we will look into utilisation of more compressed natural gas ("CNG") buses. Our subsidiary, CLSB's fleet of stage buses mainly comprise CNG buses.

Energy Efficiency in Operations

We recognise that the conservation of energy and energy efficiency in our fleet must be prioritised, to mitigate the impact of global warming and climate change. We strive to reduce our carbon emissions and use of fossil fuels across our operations.

Technology for Energy Efficiency

We have implemented a 24-hour continuous fleet monitoring system for our fleet of buses. With this system, we are able to track the movement of our fleet of buses as per their trip schedule as well as monitor the performance of our drivers with regard to their departure and arrival times and speed limits and minimise the number of speeding incidences and idling engine in order to optimise fuel consumption and this is reflected by the reduction of the maintenance cost.

SUSTAINABILITY STATEMENT

cont'd

Construction

In line with our commitment to environmental sustainability, the Group takes proactive measures to prevent any negative impact on the environment at all our construction sites and workplaces. As our business operations have some adverse effects on the environment, we recognise the importance of minimising any irreversible environmental damage. Hence, we make every effort to mitigate or prevent environmental pollution through various measures.

KTB intends to adapt relevant measures to i) achieve reduction in carbon emission intensity; ii) achieve reduction of water use intensity at construction sites; iii) achieve waste diversion from landfill.

Sustainable Materials

KTB is cognisant that the construction industry accounts for 38% of the world's CO₂ emission while concrete, the second most extensively used material in building and steel contribute 6-10% and 6.7% of global CO₂ emissions respectively. Realising the immense impact of the construction industry on the natural ecosystems and the environment, we strive to ensure our activities lead to less waste, less energy consumption and a reduced impact on the environment as a whole.

To achieve this, we source construction materials that minimise its carbon footprints:

1. Industrialised Building System ("IBS") Wall Panel

Aligned with our goal to increase positive environmental impact, we have embarked on the usage of IBS Wall Panels for non-load bearing walls. These panels are fully recyclable and pre-cut to the required sizes, reducing construction time and labour costs. Additionally, it is more energy efficient than clay bricks and uses less cement, which is carbon intensive.

2. Aluminium Formwork

Apart from its strength and endurance, Aluminium Formwork maximises return on investment (ROI) from its multiple reuse for construction projects. It is 100% recyclable and produces high scrap value at the end-of-life stage and eliminates the need to use timber or plywood.

3. Fibreglass Bar

As the construction industry comes under scrutiny for emissions and waste, we strive to play our part in the race to zero by using fibreglass bar, instead of steel. Fibreglass bar's spiral ribbed profile aids concrete reinforcement, requiring less use of concrete, It supports 70% reduction of CO₂ emission, lowers the use of concrete and water and is recyclable and reusable.

Raising Awareness on Carbon Footprints

The Group is committed towards raising awareness among our employees and business partners in managing our carbon footprint by reducing construction waste, lowering greenhouse gas ("GHG") emissions and optimising the usage of natural resources in all sites where we operate. We are aware that Malaysia is also committed towards addressing climate change, therefore we hope to drive initiatives that will be aligned to mitigating climate change concerns and promote sustainable energy.

Construction Site Housekeeping

We conduct our project implementation in strict adherence to relevant environmental regulations and guidelines. Our project sites maintain an excellent track record for housekeeping and have established robust maintenance systems to ensure a safe and hygienic working environment. Furthermore, we ensure compliance with all legal and regulatory requirements set forth by the Department of Environment (DOE) and other relevant authorities.

SUSTAINABILITY STATEMENT

cont'd

Noise Management

Our site environment officers carefully monitor noise levels at all our project sites to ensure effective noise reduction and management. We strictly adhere to the permissible high noise hours set by the relevant authorities during our project operating hours. Moreover, to prevent any disturbance, the Group ensures that our operations do not cause excessive noise pollution after 6 pm or during other specific hours as directed by the Local Authorities.

Effluent and Waste Management

Our Group is committed to preventing environmental pollution and takes a proactive approach to this through continuous training, monitoring, and auditing initiatives. Our operation sites have implemented responsible waste management procedures, and we take precautions to ensure our operations do not contribute to pollution to nearby water catchments and streams. In 2022, there were no reports of pollution resulting from our operations.

SOCIAL RESPONSIBILITY

The Group takes responsibility seriously to ensure that the employees have a safe and healthy working environment, that vehicles are inspected on a regular basis and drivers are sent for training on driving skills as well as road safety awareness. Employees' wellbeing is a key issue that the Group thrives to address to ensure that our employees remain happy and motivated at work.

The Group regarded the use of its environmentally friendly CNG fuel buses as its corporate social responsibility to promote healthier living and reduce pollution. In other instances, the Group often provides low price charters to non-profit/charity organisation for their good cause anywhere in Peninsular Malaysia.

Workplace

Our employees are our greatest asset and managing them is our priority. We have in place our Employee Handbook which outlines our HR policies and practices and complies with the Employment Act, 1955. In order to retain our talents, we have come out with competitive remuneration packages which are comparable in the industry, as well as creating a healthy and conducive workplace. This strategy will provide us with a stable and productive workforce which will contribute to our sustainability efforts. Further, we have in place our Code of Conduct to govern the ethics and behaviour of our employees in the discharge of their duties in the workplace as well as in our business dealings with customers, vendors and service providers.

Recruitment

We have implemented a standard recruitment procedure which will ensure the proper identification and recruitment of new talents to join our organisation and contribute to the growth of our business.

Career path

In order to retain our talents, we provide opportunities for high-potential employees to develop and progress to senior positions in the Group. Priority is given to the existing employees for promotions rather than getting fresh candidates from outside.

Training

We believe in empowering our employees by having in place a standard operating procedure on training and personnel development. Providing appropriate training to our employees will result in better customer service, productivity improvements, better efficiency and better workplace safety practices. During the review year, the Group conducted 640 hours of training to enhance efficiency, competence and productivity of our employees. The following training programmes were conducted:

- 1) Occupational Safety and Health Basic Course (Defensive Drive)
- 2) Firefighting Training (Identify Disaster)
- 3) Firefighting Training (Rescue and Putting off Fire)
- 4) Emergency Training for Drivers

SUSTAINABILITY STATEMENT

cont'd

Internship

The Group provides internship programmes which give undergraduate students the opportunity to gain practical experience. These students are attached to our operations for a fixed period to allow them to gain valuable working experience that will contribute towards their academic progression and professional pursuits.

Safety and health

Our policy is to create a safe and healthy workplace for our employees. We created safety nets for their workforce, with provision of group personal accident policy to our staff.

We have also complied to the best of our ability, with the existing laws and regulations relevant to our operations such as Occupational Safety and Health Act, 1994 ("OSHA 1994"), Environmental Quality Act, 1974 ("EQA 1974") and Fire Services Act, 1988 ("FSA 1988").

Some of the more important measures which we have implemented to complement the compliance of the aforementioned laws and regulations are:

- Establishing a Safety Committee to oversee and monitor ongoing safety and health initiatives which have been undertaken.
- Regular maintenance of fire extinguishers and proper layout location and signage plan for the fire extinguishers for easy identification in the event of emergency.

KTB view seriously all safety issues and all the necessary measures have been duly undertaken. All new buses have been installed with seat belt, speed limiter, speeding warning light and buzzer.

In addition, KTB has also appointed checker station at Terminal Bersepadu Selatan (TBS) as our quality control to ensure that all of our buses meet the service requirements.

We started implementing the Safety, Health and Environment Code of Practice in 2007 and now, our buses are regarded as the safest in the country. We also placed emphasis on defensive drivers' training and awareness programme as well as intensified our enforcement activities for protection of our revenue streams, enhanced passenger comfort and safety levels.

Public transport is a service industry, as such, we always have to evaluate and improve our services to the public. It is our obligation to give our customers the best service, safety and comfort throughout their journey to all destinations.

For our construction division, we have relevant safety and health officers and site safety supervisors to advise the Company or any person-in-charge of the sites on the measures to be taken in the interest of safety and health of a person working at sites and to conduct Safety and Health monitoring checklist / reports on Safety and Health Compliance and Non-compliance activities at sites.

GOVERNANCE

Corporate Governance

Corporate governance is a crucial element towards realising our sustainability goals. It provides us with a foundation to implement sustainability strategies across the Group, while ensuring that we remain steadfast in fulfilling our obligations to stakeholders. We strive to maintain high standards of corporate governance throughout the Group by embracing transparency, integrity, accountability and discipline in all our practices.

Work, business ethics and anti-corruption policy

Our work ethics require all our employees to discharge their duties and responsibilities in accordance to their job functions professionally, honestly, productively and efficiently. Likewise, those conducting business on behalf of the Group are required to observe generally accepted business ethics such as engaging in fair negotiations with our customers and vendors and adopting a "win-win" strategy when closing business deals. Premised on the aforementioned, we will not tolerate bribery and corruption practices among our employees irrespective of ranks and status. As bribery and corruption practices are considered criminal, anyone caught will be dealt with severely including report to the police and brought to court.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM THE CORPORATE PROPOSAL

PRIVATE PLACEMENT

The Company had undertaken a private placement exercise and had placed out 67,000,000 new ordinary shares in the Company ("Placement Shares") and 233,000,000 Redeemable Convertible Preference Shares ("RCPS") ("Private Placement") which raised total proceeds of RM30 million.

As at 31 December 2022, the details of utilisation of proceeds raised from the Private Placement were as follows:-

Detail of utilisation	Proposed utilisation	Actual utilisation	Balance	Time frame for utilisation
	RM'000	RM'000	RM'000	
1 Repayment of Financing ⁽¹⁾	19,627	19,627	-	1 month
2 Working capital for transport business	9,513	9,513	-	6 months
3 Estimated expenses for the Proposals ⁽²⁾	860	860	-	1 month
Total	30,000	30,000	-	

Notes:

- (1) The actual repayment of financing was higher than the estimated allocation, hence the excess amount of RM13,591 has been re-allocated to the working capital of the Group.
- (2) Includes expenses for the Diversification, Placements and Amendments as defined in the Company's circular to shareholders dated 7 December 2021.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2022 are as follows: -

	The Group RM	The Company RM
Audit fee	200,000	30,000
Non-Audit fee	25,000	25,000
	225,000	55,000

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, the Group has not entered into any material contracts (not being contracts entered into the ordinary course of business) involving the interest of the Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2022 and entered into since the end of the previous financial year.

- (a) Conditional share sale agreement dated 27 September 2022 with Nadicorp Holdings Sdn. Bhd. for the proposed disposal of 74,996,022 ordinary shares in Park May Berhad, representing its entire equity interest for a cash consideration of RM1.00.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

4. RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”)

At the Extraordinary General Meeting (“EGM”) of the Company held on 10 November 2022, the Company obtained shareholders’ mandate to allow the Group to enter into recurrent related party transactions (“RRPTs”) of a revenue or trading nature which are necessary for the day-to-day operations of the Group and in the ordinary course of business with the related parties (“Mandate”). The aforesaid mandate will lapse at the conclusion of the forthcoming 19th AGM of the Company.

Details of the RRPTs entered into by the Group during the financial year under the Mandate are as follows:

Transacting company	Related party	Nature of transaction	Interested related party	Actual value transacted from the date of the last EGM on 10 November 2022 to 31 December 2022 (RM)
KTB Group	Setia Awan Holdings Sdn. Bhd. [Registration No. 201001004065 (888655-T)]	Provision of management services to KTB Group	Interested Director DTL Interested Major Shareholder DPSB Interested Persons Connected DNC LHK DJC DJM	22,260
KTB Group	Maju Teluk Batik Sdn. Bhd. [Registration No. 198401018886 (131443-A)]	Provision of construction services by Transnational Builder Sdn. Bhd. ⁽ⁱ⁾	Interested Director DTL Interested Major Shareholder DPSB Interested Persons Connected DNC DJC DJM	1,271,435
KTB Group	Badanbas Sdn. Bhd. [Registration No. 197701003754 (34697-H)]	Provision of repair and maintenance services to Park May Berhad and its subsidiaries	Interested Major Shareholder LSSB(ii) Interested Persons Connected Tan Sri Nadzmi Muhammad Hariz bin Mohd Nadzmi	452,300
KTB Group	Usmeta Manufacturing Sdn. Bhd. [Registration No. 199301001195 (255932-X)]	Provision of purchase of tyres to Park May Berhad and its subsidiaries	Interested Major Shareholder LSSB ⁽ⁱⁱⁱ⁾ Interested Persons Connected Tan Sri Nadzmi Omar Fakhruddin bin Mohd Nadzmi Ibrahim Aiman bin Mohd Nadzmi	154,890

ADDITIONAL COMPLIANCE INFORMATION

cont'd

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") *cont'd*

Details of the RRPTs entered into by the Group during the financial year under the Mandate are as follows:
cont'd

Legends:

DJC : Dato' Doh Jee Chai, brother of DTL
DJM : Dato' Doh Jee Ming, brother of DTL
DNC : Dato' Doh Neng Chiong, father of DTL
DPSB : Doh Properties Sdn. Bhd. [Registration No. 201401001661 (1077734-A)]
DTL : Dato' Doh Tee Leong
LHK : Datin Lee Hong Kin, mother of DTL
LSSB : Lengkap Suci Sdn. Bhd. [Registration No. 200701015279 (773286-D)]

Notes:

- (i) *Construction service in relation to piling works, earthworks and building works for the construction of 2 blocks of apartments and car park at Bandar Meru Raya, Perak ("Project Ipoh-Meru") which was awarded by MTBSB to TBSB on 22 September 2022 ("Contract") for a period of thirty-six (36) months from 1 January 2023 and a Contract sum of RM109,611,524.90.*
- (ii) *Tan Sri Nadzmi is the former ultimate substantial shareholder of LSSB. LSSB ceased as a major shareholder of KTB on 17 August 2022.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Konsortium Transnasional Berhad (“KTB” or the “Company”) recognises the importance of maintaining high standards of corporate governance for transparency, accountability, integrity and a well-managed company. As a fundamental part of discharging its duties and responsibilities, the Board is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“Group”) to enhance shareholders’ value, and to be consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance (“MCCG”).

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report (“CG Report”), based on a prescribed format as enumerated in Paragraph 15.25(2) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) to provide a detailed articulation on the application of the Group’s corporate governance practices as set out in the MCCG throughout the financial year ended 31 December 2022 (“FYE 2022”). The CG Report is available on the Company’s website at www.ktb.com.my, as well as via an announcement on the website of Bursa Securities.

This Corporate Governance Overview Statement makes reference to the following three (3) principles of the MCCG: -

- (a) Board Leadership and Effectiveness;
- (b) Effective Audit and Risk Management; and
- (c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board and Board Committees

- 1.1 The Board is responsible for the overall performance and business affairs of the Group. The Board provides necessary leadership which includes practicing a high level of good governance to ensure the long-term success of the Group and the delivery of sustainable value to its stakeholders.

In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the Board’s duties and responsibilities. The Board also delegates certain responsibilities to the following Board Committees, all of which operate within their respective Terms of Reference which can be accessed via the Company’s website at www.ktb.com.my:-

- a. Audit and Risk Management Committee (“ARMC”); and
- b. Remuneration and Nomination Committee (“RNC”).

Each Committee operates in accordance with clearly defined Terms of Reference. These Committees are authorised by the Board to deal with and deliberate on matters delegated to them within their respective terms of reference and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

Apart from the responsibility of the Board Committees, the Senior Management is also delegated with certain authority to enable them to effectively discharge their responsibilities on the day-to-day operations of the Group.

- 1.2 The positions of the Chairman and Executive Director are held by two different individuals and each has a clearly accepted division of responsibilities to ensure there is a balance of power and authority to promote accountability, such that no one individual has unfettered decision-making powers. The Chairman also does not sit in any of the Board Committees.

The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, whereas the Executive Director has overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The Executive Director is also accountable to the Board for the overall organisation, management and staffing of the Company and/or the Group as well as the procedures in financial and other matters, including conduct and discipline.

On 1 July 2022, Mr. Clement Valentine Toh Shu Yen was appointed as the Group Chief Executive Officer of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART I – BOARD RESPONSIBILITIES *cont'd*

1. Board and Board Committees *cont'd*

- 1.3 The corporate secretarial function of the Company is outsourced to Cospec Management Services Sdn. Bhd. (“CMS”).

The Board is supported by an experienced and qualified Company Secretary nominated by CMS. She is a member of the Malaysian Association of Company Secretaries and holds a professional certificate as a qualified Company Secretary under the Companies Act 2016. She possesses over 29 years of experience in corporate secretarial practices.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary and her team to the Board in the discharge of her duties and functions.

- 1.4 To facilitate the Directors’ time planning, an annual meeting calendar is prepared and circulated in advance prior to the new calendar year, to enable the Directors to plan ahead and coordinate their respective schedules. The notice of meetings and meeting materials of the Board and Board Committees are sent to the Directors via emails at least five (5) business days prior to the date of the meetings to ensure they have been given sufficient time to prepare for the meetings.

The deliberation and decision of matters discussed in the Board and Board Committees’ meetings are duly recorded in the minutes of meetings, including whether any Director abstains from voting or deliberating on a particular matter. The minutes of meetings are circulated to the respective Board and Board Committees for review in a timely manner before it is finalised and tabled at the next meeting for confirmation.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

2. Board Charter

- 2.1 The Board Charter sets out the roles and responsibilities, composition and balance, operation and processes of the Board. It serves as a reference point for Board activities and is designed to provide guidance and clarity to Directors with regard to the respective roles and responsibilities of the Board, Board Committees, Chairman and Executive Director, as well as issues and decisions reserved for the Board, the Board’s governance structure and Board’s authority. This is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities, and the legislations and regulations affecting their conduct.

The Board Charter will be reviewed as and when necessary to ensure that it remains consistent with the Board’s objectives current law and practices. The Board Charter is available on the Company’s website at www.ktb.com.my.

3. Policies and Sustainability Governance

- 3.1 The Board has adopted a Code of Conduct which sets out set out the principles and standards of business conduct of the Group. The Code of Conduct is published on the Company’s website at www.ktb.com.my.

The Board will review the Code of Conduct regularly to ensure that it continues to remain relevant and appropriate.

- 3.2 The Board has adopted a Whistle Blowing Policy to provide an avenue for all employees of the Group and members of the public to disclose any improper conduct within the Group. The Whistle Blowing Policy is available on the Company’s website at www.ktb.com.my.

The Whistle Blowing Policy provides an avenue for its employees to raise genuine concerns or report any misconduct, alleged or suspected breach of any law or regulation, including business principles and the Group’s policies and guidelines, safely and confidentially.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART I – BOARD RESPONSIBILITIES *cont'd*

3. Policies and Sustainability Governance *cont'd*

3.3 In line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACC Act 2018”), the Company has put in place an Anti-Bribery and Corruption Policy (“ABC Policy”) to encourage a culture of integrity and transparency in all of the Group’s activities. This policy adheres to the Listing Requirements of Bursa Securities and the Guidelines on Adequate Procedures issued pursuant to the MACC Act 2018. The ABC Policy generally sets out the responsibilities of the Company and all individuals who work for the Group in observing and upholding the Group’s position on bribery and corruption and provides key anti-bribery and corruption principles that apply to all interactions with the Group’s customers, business partners, and other third parties, as well as guidelines for the prevention, management, and remediation of bribery and corruption-related risks.

The ABC Policy will be reviewed at least once in every three (3) years to ensure that it continues to remain relevant and appropriate. The ABC Policy is published on the Company’s website at www.ktb.com.my.

3.4 In line with the new Paragraph 15.01A of the Listing Requirements of Bursa Securities, the Board had on 25 May 2022 adopted a Directors’ Fit and Proper Policy which serves as a guide to the RNC and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group as well as the retiring Directors who are seeking re-election at the annual general meeting (“AGM”).

The Directors’ Fit and Proper Policy shall be reviewed by the Board from time to time to ensure they remain consistent with the Board’s objectives, current law and practices. The Directors’ Fit and Proper Policy is published on the Company’s website at www.ktb.com.my.

The Board has also adopted a Nomination and Appointment of New Directors Process and Procedures to provide guidelines on the process for the nomination and appointment of new Directors to be undertaken by the RNC and the Board.

3.5 The Board believes that sustainable business practices are essential to the creation of long-term value and that responsibly running the business is intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group’s corporate strategy.

As fiduciary to the Company’s shareholders, the Board recognises the importance of sustainable practices in creating long-term value for our stakeholders. We are committed to upholding high standards of ethics, integrity, and corporate responsibility, and we believe that sustainability is a core business strategy that is integral to our success. We actively address potential challenges and engage with stakeholders to understand their concerns. Our Sustainability Statement in this Annual Report details our strategies, targets, and performance, reflecting our exemplary corporate governance practices.

PART II – BOARD COMPOSITION

4. Board Composition

4.1 The composition of the Board complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which stipulates that the Company must ensure that at least two (2) Directors or 1/3 of the Board, whichever is higher, are Independent Directors. The current composition of the Board is as follows:-

	Name	Designation
1.	Datuk Sulaiman Bin Daud	Independent Non-Executive Chairman
2.	Dato’ Doh Tee Leong	Executive Director
3.	Muhammad Adib Bin Ariffin	Independent Non-Executive Director
4.	Ahmed Azhar Bin Abdullah	Independent Non-Executive Director
5.	Koong Wai Seng (Appointed on 1 December 2022)	Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART II – BOARD COMPOSITION *cont'd*

4. Board Composition *cont'd*

4.2 The Board acknowledges the recent amendments to the Listing Requirements by Bursa Securities on 19 January 2022. According to the new regulations, the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of twelve (12) years effective on or after 1 June 2023. Furthermore, if the Board intends to retain an Independent Non-Executive Director who has served the Board a cumulative term of more than nine (9) years, it must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting as recommended by the MCGG.

4.3 The Company has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years as recommended by the MCGG. Notwithstanding that, the assessment of the independence of Independent Non-Executive Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company. Based on the assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

4.4 The Board appoints its members via a formal and transparent selection process. The RNC is responsible to consider and nominate new candidates for appointment and make the necessary recommendations to the Board for approval. In this respect, the role of the RNC is detailed in its Terms of Reference, which is accessible on the Company's website at www.ktb.com.my.

The Board, through the RNC, reviews the correct mix of skills, business and professional experience that should be added to the Board annually or as and when required.

4.5 The Board has established and adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board and senior management level.

The Board practises non-gender discrimination, endeavours to promote workplace diversity and supports the representation of women in the composition of Board and senior management positions of the Company.

The appointment of a new Board member will not be guided solely by gender but will also take into account the skillsets, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

4.6 The policies and procedures for the recruitment and appointment of Directors are guided by the Terms of Reference of the RNC.

The RNC leverages on various sources to gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, Management and/or major shareholders, the RNC also identifies potential candidates from external sources available, such as industry and professional associations, as well as independent search firms.

4.7 The RNC is chaired by En. Muhammad Adib Bin Ariffin, an Independent Non-Executive Director of the Company. The RNC Chairman has led the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART II – BOARD COMPOSITION *cont'd*

4. Board Composition *cont'd*

4.7 *cont'd*

The RNC comprises the following members, all being Independent Non-Executive Directors:-

Name	Designation
Muhammad Adib Bin Ariffin, Chairman	Independent Non-Executive Director
Ahmed Azhar Bin Abdullah, Member	Independent Non-Executive Director
Koong Wai Seng, Member (Appointed on 1 December 2022)	Independent Non-Executive Director

The activities undertaken by the RNC during the FYE 2022 were as follows:-

- Assessed and evaluated the independence of the Independent Directors.
- Assessed and evaluated the performance of the Executive Directors.
- Reviewed and assessed the performance of the ARMC.
- Reviewed and recommended to the Board for consideration, the retention of Datuk Sulaiman Bin Daud and En. Muhammad Adib Bin Ariffin as the Independent Non-Executive Director Chairman and Independent Non-Executive Director respectively, who have served for a cumulative term of more than nine (9) years.
- Reviewed and assessed the proposed appointment of Mr. Koong Wai Seng as an Independent Non-Executive Director of the Company.
- Reviewed and assessed the proposed appointment of Mr. Clement Valentine Toh Shu Yen as the Group Chief Executive Officer.
- Reviewed and recommended to the Board for consideration, the remuneration package of all the Directors of the Company.
- Reviewed and recommended to the Board for consideration, the re-organisation of the Board and Board Committees composition in compliance with the best practices recommended under the MCCG.

5. Overall Effectiveness of the Board and Individual Directors

5.1 The Board has, through the RNC, conducted the following annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FYE 2022:-

- Performance of Executive Director;
- Performance of Non-Executive Directors;
- Independence of the Independent Directors; and
- Performance of the ARMC.

Based on the evaluations conducted in the FYE 2022, the RNC and the Board were satisfied with the performance of the individual Directors, the Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During FYE 2022, the Board met six (6) times where they deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as the Group's strategic, operational and financial performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART II – BOARD COMPOSITION *cont'd*

5. Overall Effectiveness of the Board and Individual Directors *cont'd*

- 5.1 The Board has, through the RNC, conducted the following annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FYE 2022:- *cont'd*

Attendance of Board and Board Committees' Meetings *cont'd*

The number of meetings held and attended by each member of the Board and the Board Committees during the FYE 2022 are as follows:-

Name of Directors (Designations)	Attendance		
	Board	ARMC	RNC
Datuk Sulaiman Bin Daud (Independent Non-Executive Chairman)	5/6	1/1 [#]	1/1
Muhammad Adib Bin Ariffin (Independent Non-Executive Director)	6/6	5/5	1/1
Woo Kok Boon (Independent Non-Executive Director) (Resigned on 31 October 2022)	4/5	3/4	1/1
Dato' Doh Tee Leong (Executive Director) (Appointed on 7 January 2022)	6/6	N/A	N/A
Ahmed Azhar Bin Abdullah (Independent Non-Executive Director)	6/6	4/4	N/A
Koong Wai Seng (Independent Non-Executive Director) (Appointed on 1 December 2022)*	N/A	N/A	N/A

Notes:

* No meeting was held after 1 December 2022.

Datuk Sulaiman Bin Daud resigned from the ARMC on 1 March 2022.

Directors' Training

During the financial year under review, all Directors of the Company (save for Mr. Koong Wai Seng who was appointed on 1 December 2022) have attended in-house training sessions conducted by the Company Secretary on the following areas:-

- Updated Malaysian Code on Corporate Governance 2021;
- Key Amendments to the Listing Requirements of Bursa Securities relating to Director Appointment, Independence, and Other Amendments; and
- Amendments to Listing Requirements of Bursa Securities in relation to the Enhanced Sustainability Reporting Framework.

The Board would evaluate and assess the training needs of each Director to keep them abreast with the state of the economy, technological advances, regulatory updates, management strategies and development in various aspects of the business environment to enhance the Board's skills and knowledge in discharging its responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART III – REMUNERATION

6. Remuneration Policy

- 6.1 The Board had adopted a formal and transparent Remuneration Policy that sets out the principles and guidelines for the Board and the RNC to determine the remuneration of Directors and Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The Remuneration Policy is available for reference on the Company's website at www.ktb.com.my.

- 6.2 The Board, assisted by the RNC, implements the policy and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The RNC is responsible to ensure that the remuneration packages are benchmarked with industry standards in light of the Group's performance in the industry as well as commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Group.

The RNC has a detailed Terms of Reference in writing which is accessible on the Company's website at www.ktb.com.my.

7. Remuneration of Directors and Senior Management

- 7.1 The remuneration of each Director of the Company and of the Group for the FYE 2022 is as follows:-

The Company

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Total RM
Datuk Sulaiman Bin Daud	92,000	-	-	5,750	-	97,750
Dato' Doh Tee Leong (Appointed on 7 January 2022)	-	209,232	-	-	-	209,232
Muhammad Adib Bin Ariffin	55,000	-	-	10,000	-	65,000
Woo Kok Boon (Resigned on 31 October 2022)	50,000	-	-	5,500	-	55,500
Ahmed Azhar Bin Abdullah	54,613	-	-	8,000	-	62,613
Koong Wai Seng (Appointed on 1 December 2022)	5,000	-	-	-	-	5,000
TOTAL	256,613	209,232	-	29,250	-	495,095

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

PART III – REMUNERATION *cont'd*

7. Remuneration of Directors and Senior Management *cont'd*

- 7.1 The remuneration of each Director of the Company and of the Group for the FYE 2022 is as follows:-
cont'd

The Group

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Total RM
Datuk Sulaiman Bin Daud	92,000	-	-	5,750	-	97,750
Dato' Doh Tee Leong (Appointed on 7 January 2022)	-	209,232	-	-	-	209,232
Muhammad Adib Bin Ariffin	55,000	-	-	10,000	-	65,000
Woo Kok Boon (Resigned on 31 October 2022)	50,000	-	-	5,500	-	55,500
Ahmed Azhar Bin Abdullah	54,613	-	-	8,000	-	62,613
Koong Wai Seng (Appointed on 1 December 2022)	5,000	-	-	-	-	5,000
TOTAL	256,613	209,232	-	29,250	-	495,095

The Director's fees are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in the decisions regarding their own fees, benefits and/or remuneration packages.

- 7.2 The Board is of the view that the disclosure of the Key Senior Management's remuneration components on a named basis would not be in the best interest of the Company as it may be detrimental to the Company's human resource management due to the competitive nature of talents within the construction industry.

The Board also took into consideration of sensitivity and security of the remuneration package of Key Senior Management, hence, opts not to disclose on a named basis the remuneration or in bands of RM50,000.00 for the Key Senior Management.

Alternatively, the Board is of the view that the disclosure of Key Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 in this Annual Report is adequate.

The aggregate remuneration of the Senior Management of the Group for the FYE 2022 is as follows:-

Range of Remuneration	Group No. of Senior Management
Below RM50,000	2
RM50,001 to RM100,000	-
RM100,001 to RM150,000	-
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – ARMC

8. Effective and Independent ARMC

- 8.1 The positions of Chairman of the Board and Chairman of the ARMC are held by two (2) different persons. The Chairman of the Board is Datuk Sulaiman Bin Daud, an Independent Non-Executive Chairman, while the Chairman of the ARMC is En. Ahmed Azhar Bin Abdullah, is also an Independent Non-Executive Director. This separation is to ensure that the Board's review of the ARMC's findings and recommendations are not impaired.

The separation had been set out clearly in the Terms of Reference of the ARMC which is accessible on the Company's website at www.ktb.com.my.

- 8.2 Currently, none of the members of the ARMC and Board was a former key audit partner of the present auditors of the Group.

The ARMC has in place a policy that requires a former key partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. The policy had been codified in the Terms of Reference of ARMC of the Company.

- 8.3 The Board had established an External Auditors Assessment Policy which sets out the guidelines and procedures for the ARMC to review, assess and monitor the suitability, objectivity and independence of the External Auditors.

The ARMC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC carried out an annual performance assessment of the External Auditors and requested the Executive Director and Chief Financial Officer to join the assessment.

The ARMC is satisfied with the performance, suitability and independence of the External Auditors of the Company. Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, the re-appointment of the External Auditors upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

- 8.4 The ARMC comprises solely of the following Independent Non-Executive Directors:-

- (a) Ahmed Azhar Bin Abdullah (Chairman);
- (b) Muhammad Adib Bin Ariffin (Member); and
- (c) Koong Wai Seng (Member) (*Appointed on 1 December 2022*).

- 8.5 The Chairman and the ARMC members are financially literate and can understand the Group's business and matters under the purview of the ARMC including the financial reporting process.

The RNC would also review the terms of office and performance of the ARMC members to determine whether they have carried out their duties in accordance with their Terms of Reference.

The ARMC members will continuously keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules, to address any skills or knowledge gaps according to their needs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPAL B - EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

PART II - RISK MANAGEMENT AND INTERNAL CONTROL

9. Risk Management and Internal Control Framework

- 9.1 The Board acknowledges its overall responsibility for ensuring that a sound system of risk management and internal control is maintained throughout the Group and the need to review its effectiveness regularly. Risk management and internal control are embedded in various work processes and procedures of the respective operational functions and Management team.

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the ARMC.

- 9.2 The ARMC is assisted by the Management as well as the outsourced Internal Auditors to identify and assess the significant risks faced by the Group and to ensure that appropriate risk treatment were in place to mitigate the risks that could be affecting the achievement of the Group's business objectives. The Internal Auditors report directly to the ARMC and the internal audit plans are tabled to the ARMC every quarter for review to ensure adequate coverage.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

The scope and function of the ARMC are set out in the Terms of Reference which is available on the Company's website at www.ktb.com.my.

- 9.3 The internal audit function is outsourced to an independent professional service firm that assists the ARMC in managing the risks and establishing the internal control system and processes of the Group by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. The Internal Auditors report directly to the ARMC.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.

The internal audit functions and activities carried out during the FYE 2022 are as disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

- 9.4 The internal audit function of the Group is outsourced to Talent League Sdn. Bhd. ("Talent League"). The engagement team from Talent League is free from any relationship or conflict of interest, which could impair their objectivity and independence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

10. Continuous Communication between the Company and Stakeholders

10.1 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, a Corporate Disclosure Policy had been adopted. A copy of the policy is published on the Company's website at www.ktb.com.my.

The quarterly results, announcements and annual reports serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and developments. The Company's corporate website at www.ktb.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, Board Charter and policies, announcements, news and events relating to the Group.

PART II – CONDUCT OF GENERAL MEETINGS

11. Shareholders' Participation at General Meetings

11.1 Conduct of General Meetings

The Board ensures that the Notice of the AGM is sent out at least 28 days prior to the meeting to allow sufficient time for the shareholders to go through the Annual Report and make necessary attendance and voting arrangements.

In line with Practice 13.1 of the MCCG, the notice convening the Eighteenth AGM ("18th AGM") of the Company held on 21 June 2022 was issued to shareholders on 29 April 2022 which is more than 28 days before the date of the 18th AGM, which gave the shareholders sufficient time to prepare themselves to attend the 18th AGM or to appoint a proxy to attend and vote on their behalf.

All resolutions set out in the Notice of 18th AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

11.2 Effective Communication and Proactive Engagement

All Directors had attended the 18th AGM and Extraordinary General Meeting held on 10 November 2022 ("EGM") to be accountable to the shareholders for their stewardship of the Company. The Chairman of the Board and its Board Committees members were available to respond to shareholders' queries concerning the Company and the Group at the 18th AGM and the EGM. The External Auditors also attended the 18th AGM and assisted the Board in addressing relevant queries made by the shareholders

From the Company's perspective, the AGM also serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during and at the end of shareholders' meetings and ensures their queries are responded to properly and systematically.

The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the 18th AGM and EGM for each resolution. The summary of the key matters discussed at the 18th AGM and the Minutes of the 18th AGM were also published on the Company's website for the shareholders' information.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations under the MCCG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2022. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is required by the Companies Act 2016 ("CA 2016") to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries ("Group") at the end of the financial year and of the financial performance of the Group for the financial year then ended.

In preparing the financial Statements for the financial year ended 31 December 2022, the Directors have:-

- adopted and consistently applied suitable accounting policies;
- made judgements and estimates that are prudent and reasonable;
- ensure applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared it on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for ensuring that the Group maintain accounting records that disclose with reasonable accuracy, the financial position of the Group, and which enable them to ensure that the financial statements comply with the CA 2016.

The Directors have general responsibilities for taking such steps that the appropriate systems are reasonably available to safeguard the assets of the Group, to prevent and detect fraud and other irregularities and material misstatements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

A. OBJECTIVES

The primary objective of the Audit and Risk Management Committee (“ARMC”) is to assist the Board of Directors (“the Board”) in fulfilling its fiduciary duties and responsibilities in accordance with its Terms of Reference, providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures as well as establishing and maintaining internal controls.

B. COMPOSITION OF THE ARMC

The ARMC comprises the following members, all being Independent Non-Executive Directors:

ARMC Members	Designation	Directorship
En. Ahmed Azhar Bin Abdullah	Chairman	Independent Non-Executive Director
En. Muhammad Adib Bin Ariffin	Member	Independent Non-Executive Director
Mr. Koong Wai Seng (Appointed on 1 December 2022)	Member	Independent Non-Executive Director

The above composition complies with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The authorities and duties of the ARMC are clearly governed by its Terms of Reference which is available on the Company’s website at www.ktb.com.my.

C. ATTENDANCE AT MEETINGS

During the financial year under review, the ARMC convened five (5) meetings and the details of attendance of each of the ARMC members to the meetings are as follows:-

ARMC Members	Attendance
En. Ahmed Azhar Bin Abdullah, Chairman (Appointed on 1 March 2022)	5/5
Datuk Sulaiman Bin Daud, Chairman (Resigned on 1 March 2022)	1/1
En. Muhammad Adib Bin Ariffin, Member	5/5
Mr. Woo Kok Boon, Member (Resigned on 31 October 2022)	3/4
Mr. Koong Wai Seng, Member (Appointed on 1 December 2022)	N/A

The presence of the External Auditors and/or the Internal Auditors at the ARMC meetings will be requested if required by the ARMC. Other members of the Board and officers of the Company and its subsidiaries (“the Group”) may attend the meeting (specific to the relevant meeting and to the matters being discussed) upon the invitation of the ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

D. SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FYE 2022")

The summary of the activities undertaken by the ARMC during FYE 2022, amongst others, included the following:-

- i. Reviewed the unaudited quarterly financial results and annual audited financial statements of the Group including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities.
- ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Group's financial statements for the FYE 2022 before the audit commenced to ensure that the scope of the external audit is comprehensive.
- iii. Reviewed with the External Auditors on the results and issues arising from their audit of the financial year end statements and their resolutions of such issues highlighted in their report to the ARMC.
- iv. Met with the External Auditors once during the ARMC Meeting held on 23 February 2022 without the presence of the Executive Directors and management to discuss any issues arising from the annual audit or any other matters the External Auditors may wish to discuss.
- v. Considered and recommended the re-appointment of AL Jafree Salihin Kuzaimi PLT as the External Auditors and their audit fees to the Board for consideration based on the competency, efficiency and transparency as demonstrated by them during their audit for the financial year ended.
- vi. Reviewed and discussed with the Internal Auditors, the Internal Audit Plan and Internal Audit Report and considered the findings of internal audit and management responses thereon and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors.
- vii. Reviewed the related party transactions and/or recurrent related party transactions that transpired during the financial year under review to ensure that the transactions entered were at arm's length.
- viii. Reviewed and considered the appointment of the outsourced Internal Auditors of the Group before recommending to the Board for approval.
- ix. Reviewed the Corporate Governance Overview Statement, Sustainability Statement, ARMC Report, Additional Compliance Information and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirement before recommending to the Board for approval for inclusion in the Annual Report.
- x. Reviewed the Corporate Governance Report before recommending to the Board for approval.
- xi. Reviewed the draft circular on the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature before recommending to the Board for approval.
- xii. Reviewed and considered the proposed disposal of the entire equity interest in its wholly-owned subsidiary, Park May Group Berhad to Nadicorp Holdings Sdn Bhd before recommending it to the Board for approval.
- xiii. Reviewed and considered the letter of award from Maju Teluk Batik Sdn Bhd to Transnational Builder Sdn Bhd, a wholly-owned subsidiary of the Company, before recommending it to the Board for approval.
- xiv. Self-appraised the performance of the ARMC for FYE 2022 and submitted the evaluation form to the Remuneration and Nomination Committee for assessment.
- xv. Evaluated the performance of the External and Internal Auditors for FYE 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

E. INTERNAL AUDIT FUNCTION

The Company has engaged a professional internal audit service provider as the Company's Internal Auditors to support the ARMC in discharging its duties and responsibilities. The Internal Auditors' role is to undertake independent, regular and systematic reviews of the systems of internal controls, to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance with the Group's established policies and procedures.

During the FYE 2022, the Internal Auditors conducted various audits on the operations, management and financial systems of the Group. The results of the internal audit reviews and the recommendations for improvement are presented to the ARMC for deliberation. The reports on the audits, weaknesses identified together with suggested recommendations for improvements to management's implementation, were presented to the ARMC at the ARMC meetings.

The summary of the works of the internal audit function is disclosed in the Statement on Risk Management and Internal Control.

The total cost incurred for the internal audit function of the Group for FYE 2022 was RM24,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) acknowledges that the Company and its subsidiaries (“the Group”) cannot achieve its objectives and sustain its success without effective governance, risk management and internal control processes. Effective governance, risk management and internal control processes will guide the Group to achieve a proper balance between the risks incurred and potential returns to shareholders in accordance with the Group’s acceptable risk appetite.

The Board is pleased to provide the following Statement on Risk Management and Internal Control (“Statement”) of the Group for the financial year ended 31 December 2022 (“FYE 2022”). This has been prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), Malaysian Code on Corporate Governance (“MCCG”) and “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

BOARD’S RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness to ensure shareholders’ interest and the Group’s assets are safeguarded.

The system of risk management and internal controls not only covers the financial aspect of the Group, but also the operational and compliance aspect of the Group. Given the inherent limitations in the risk management and internal control system, such a system put into effect by the Board is designed to manage rather than eliminate risks that may impede the achievement of the Group’s corporate objectives. Therefore, such a system can only provide reasonable and not absolute assurance against any material misstatement or loss, contingencies, fraud or irregularities.

RISK MANAGEMENT FRAMEWORK

The Board regards the management of core risks as an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial period under review enable the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regimes which are imperative in ensuring the accomplishment of the Group objective.

Day-to-day operations in respect of the financial, commercial, legal compliance and operational aspects of the Group are closely monitored by the respective head of department and they have delegated the responsibilities to identify and manage these risks within defined parameters and standards.

The management of risk is an on-going process to identify, evaluate and manage the significant risks faced by the Group. As part of our Risk Management process, a Risk Management Policy and Risk Register were adopted. The Risk Register is maintained to identify principal business risks and key risk areas, their impact, the likelihood of occurrence, risk owner and risk control actions. The Risk Management Policy summarises risk management methodology, approach, processes, roles and responsibilities. The level of risk tolerance is established and monitored through the use of a risk impact and likelihood matrix where the ratings are assessed in response to changes in the business environment.

The respective risk owners are assigned and responsible for identifying risks as well as ensuring that adequate control systems are implemented to mitigate risks faced by the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION

During the FYE 2022, the internal audit function was outsourced to Talent League Sdn Bhd (“the Internal Auditors”), a third-party professional internal audit service firm which is independent of the operations and activities of the Group. The Internal Auditors are also independent of the Board and management, and report directly to the ARMC. In discharging its obligations and duties pursuant to its appointment, the Internal Auditors undertake rigorous, objective, independent and systematic reviews of the systems of internal control. Following the assessment, the Internal Auditors provide a reasonable and continuous assurance on the satisfactory operations and effectiveness of the Group’s system of internal controls. The purpose of the comprehensive process is to identify existing shortcomings and potential pitfalls which would eventually be brought to the attention of the Board and rectification measures would be proposed and recommended.

The Internal Auditors submit their reports and findings to the ARMC at least once a year at the ARMC Meeting. Issues arising thereto and shortfalls in internal controls are reviewed, deliberated at length by the ARMC for remedial action. Where necessary, affirmative steps and measures will be introduced and initiated to address, mitigate, manage and arrest identified risks. Current internal control measures will also be further strengthened with compensating controls and appropriate check and balance mechanism, if required. Internal audit schedule and timetable for subsequent periods are tabled at the ARMC Meeting, outlining the entities which will be subjected to the next internal audit exercise and the framework of the internal audit plan. Core internal audit scope and critical areas are also emphasised while internal audit issues highlighted in the preceding internal audit reports together with the progress and updates of the corresponding follow up works are also considered at length.

During the FYE 2022, the Internal Auditors had carried out two (2) internal audit review :-

Audit Period	Reporting Month	Name of Entity Audited	Audited Area
December 2021 to May 2022	August 2022	• Cityliner Sdn Bhd	Human Resources Management
May 2022 to October 2022	February 2023	• Cityliner Sdn Bhd	Operations

INTERNAL CONTROL

The Board acknowledges that a sound system of internal control reduces, but cannot eliminate, the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees, management overriding controls, and the occurrence of unforeseeable circumstances.

The Group’s Key Senior Management team receives and reviews regular reports on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board’s attention are highlighted for review, deliberation and decision making on a timely basis. The Board will approve the appropriate responses or amendments to the Group’s policies.

The internal control matters are reviewed and the Board is updated on the significant control gaps, if any, for the Board’s attention and action. Issues relating to the business operations are also highlighted to the Board’s attention during the Board meetings and any significant fluctuation or exception noted will be analysed and acted in a timely manner.

The key elements of the internal control system established by the Board to provide effective governance and oversight of internal control include:

(a) Organisation Structure

The Group has a clear organisational structure which formally defines the lines of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group. In addition, the Board and Board Committees are all governed by clearly defined terms of reference.

(b) Limits of Authority

The Group has defined limits of authority which outlines the approving limits that have been assigned and delegated to each approving authority within the Group. The limits of authority are reviewed periodically and updated in line with changes in the organisation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL *(cont'd)*

(c) Standard Operating Policies and Procedures (“SOPs”)

Elements of internal control have been embedded and documented in the SOPs which are continually reviewed and updated to reflect changes in the business environment. Accountability and responsibility for key processes have been established in the SOPs.

(d) Talent Management

The professionalism and competency of staff are enhanced through training and development programmes. On-the-job training programmes are made available to the employees to ensure that they are constantly kept up-to-date with the constantly technological changing environment and competent in carrying out their duties and responsibilities.

(e) Board Committees

The Board has established various board committees to assist in discharging its duties. These include the ARMC and Remuneration and Nomination Committee, these Board Committees are delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective terms of reference.

(f) Anti-Bribery and Corruption Policy & Procedures

The Group adopts a zero-tolerance approach to all forms of bribery and corruption. The Group is committed in conducting its business free from any acts of bribery and corruption by upholding high standards of ethics and integrity. The Group has established an Anti-Bribery and Corruption Policy which prohibit all forms of bribery and corruption practices. All employees are to read and understand the said policy and to take an assessment test. All business partners including consultants and contractors are required to acknowledge and agree to comply with the Group's Anti-Bribery and Corruption Policy. The said policy is also made available on the Company's website.

(g) Whistle Blowing Policy

The Group has put in place a Whistle Blowing Policy which provides an avenue for its employees and members of the public to report and disclose any improper or illegal activities within the Group. The Whistle Blowing Policy is made available on the Company's website.

(h) Safety and Health Management

The Group has been emphasising the safety and health of employees and stakeholders by enforcing precautionary measures and guidelines in all factory premises as stipulated by the relevant authorities since the breakout of the COVID-19 pandemic.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required under Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in the Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants (MIA).

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is it factually inaccurate.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal controls and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of risk management and internal controls.

Financial **STATEMENTS**

46	Directors' Report
51	Statement by Directors
51	Statutory Declaration
52	Independent Auditors' Report
56	Statements of Financial Position
58	Statements of Profit or Loss and Other Comprehensive Income
59	Statements of Changes in Equity
62	Statements of Cash Flows
64	Notes to the Financial Statements



DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Net loss for the financial year	(11,219)	(2,626)
Attributable to: -		
Owners of the Company	(11,219)	(2,626)
Non-controlling interests	-	-
	(11,219)	(2,626)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

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

DIRECTORS' REPORT

cont'd

BAD AND DOUBTFUL DEBTS (cont'd)

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT

cont'd

DIRECTORS

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

Dato' Doh Tee Leong	
Datuk Sulaiman Bin Daud	
Ahmed Azhar Bin Abdullah	
Muhammad Adib Bin Ariffin	
Koong Wai Seng	(Appointed on 1.12.2022)
Woo Kok Boon	(Resigned on 31.10.2022)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Abdul Rashid Bin Ahmad	
Goh Siak Ngak	
Ibrahim Aiman Bin Mohd Nadzmi	
Mohd Azlan Tambi Husen	
Muhammad Imran Bin Mohd Nadzmi	
Noor Aliza Binti Ghazali	
Omar Fakruddin Bin Mohd Nadzmi	
Ramlan Bin Tarmon	
Rosli Bin Md Dali	
Lim See Hui	(Appointed on 10.3.2022)
Choo Li Sheng	(Appointed on 15.11.2022)
Guok Lan Fong	(Resigned on 10.3.2022)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, options over unissued shares or debentures of the Company and its related corporations during the financial year are as follows:-

	← Number of Ordinary Shares →			
	At 1.1.2022	Bought	Sold	At 31.12.2022
The Company				
<i>Direct Interests</i>				
Dato' Doh Tee Leong	10,212,700	-	-	10,212,700
Datuk Sulaiman Bin Daud	850,000	-	-	850,000
<i>Indirect Interests</i>				
Dato' Doh Tee Leong ⁽¹⁾	67,000,000	-	-	67,000,000

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS (cont'd)

	← Number of Redeemable Convertible Preference Shares →			
	At 1.1.2022	Bought	Sold	At 31.12.2022
The Company				
<i>Indirect Interests</i>				
Dato' Doh Tee Leong ⁽¹⁾	233,000,000	-	-	233,000,000

(1) Deemed interested by virtue of his direct substantial shareholding in Doh Properties Sdn. Bhd.

The other directors holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29 to the financial statements.

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

DIRECTORS' REMUNERATION

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

	The Group RM'000	The Company RM'000
Fees	286	286
Salaries, bonuses and other benefits	209	209
	495	495

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 33 to the financial statements.

DIRECTORS' REPORT

cont'd

AUDITORS' REMUNERATIONS

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

	The Group RM'000	The Company RM'000
Audit fees	200	30
Non-audit fees	25	25
	225	55

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 April 2023.

DATO' DOH TEE LEONG

DATUK SULAIMAN BIN DAUD

STATEMENT BY DIRECTORS

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

We, Dato' Doh Tee Leong and Datuk Sulaiman Bin Daud, being two of the directors of Konsortium Transnasional Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on accompanying pages are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 April 2023.

DATO' DOH TEE LEONG

DATUK SULAIMAN BIN DAUD

STATUTORY DECLARATION

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

I, Lim See Hui, MIA Membership Number: 43983, being the officer primarily responsible for the financial management of Konsortium Transnasional Berhad, do solemnly and sincerely declare that the financial statements set out on accompanying pages are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovementioned, Lim See Hui
at Kuala Lumpur in the Federal Territory
on this 14 April 2023

LIM SEE HUI

Before me,

Syahzul Rahman Bin Juladi (W863)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of Konsortium Transnasional Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KONSORTIUM TRANSNASIONAL BERHAD, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on the accompanying pages.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT

to the Members of Konsortium Transnasional Berhad
cont'd

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. Valuation and impairment of property, plant, and equipment</p> <p>Property, plant and equipment represents the most significant asset class on the statement of financial position of the Group amounting to RM24,797,000 as at 31 December 2022. Included in property, plant and equipment are buses and motor vehicles with aggregate carrying values of RM22,386,000.</p> <p>We focused on this area due to its magnitude and significant judgement involved in determining the key assumptions used in performing the impairment test, such as estimating the recoverable amounts of the buses.</p> <p>Please refer to Note 4.1 Significant Accounting Judgements and Estimates and disclosure of Property, Plant and Equipment in Note 6 to the financial statements.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We have reviewed the management's impairment assessment on the indications of impairment of the buses as at the reporting date, which the management has considered both internal and external sources of information. • We have performed the physical sightings on a sampling basis to assess the physical conditions of the buses to identify the indications of impairment. • For the buses which have indications of impairment, we have performed the following procedures: <ul style="list-style-type: none"> - obtained the estimated recoverable amounts of the buses and checked, on a sampling basis, the accuracy and relevance of the input data used by management to estimate the recoverable amount of the buses and motor vehicles. - assessed management's key assumptions used to estimate recoverable amounts based on our knowledge of the public transportation industry.
<p>2. Revenue and cost recognition – construction contracts</p> <p>The Group recognised revenue from construction contracts of RM54.9 million which represent 57% of total revenue of the Group for the financial year ended 31 December 2022.</p> <p>Revenue recognition of a construction contract is inherently complex and we focused on this area because there are significant management estimates and judgements involved in determining the:</p> <ul style="list-style-type: none"> • Stage of completion; • Extent of the construction costs incurred to date; • Estimated total construction costs; and • Need to estimate liquidated ascertained damages ("LAD") on the project where the estimated completion date is beyond the contractual completion date. <p>Refer to Note 4.1(e) on significant accounting judgements, estimates and assumptions, Notes 4.22(a) on summary of significant accounting policies and Note 14 and Note 25 to the financial statements.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We obtained the group audit instructions in respect of deliverables that form part of the opinion made to separate financial statements of the subsidiary by the component auditor • We reviewed the audit working paper of component auditor on the procedures performed, based on the assigned scope, in following areas: <ul style="list-style-type: none"> - the operating effectiveness of the key controls in respect of the review and approval of the project budgets to assess the reliability of these budgets. - the significant estimates and judgements made by the Directors in the recognition of the revenue and costs arising from construction contracts which involved corroboration of the stages of completion and extent of costs incurred to date on major projects against internal or external quantity surveyors' latest valuations. - verification costs incurred to the supporting documentations such as subcontractor claim certificates and invoices from vendors, based on assigned scope. - evaluation of reasonableness of the estimated total construction costs of major project which involve verification against supporting documentation such as approved budgets, quotations, correspondences, contracts, letter of awards, agreements, and variation orders with subcontractors. - assessment of the potential cause of delay which involve inspection of correspondences with project owners and corroborated key judgment applied by the management in assessing any requirement for consideration of Liquidated ascertained damages ("LAD") to determine the adequacy of provision for LAD, if any.

INDEPENDENT AUDITORS' REPORT

to the Members of Konsortium Transnasional Berhad
cont'd

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report 2022, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report 2022, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, 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 misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

INDEPENDENT AUDITORS' REPORT

to the Members of Konsortium Transnasional Berhad
cont'd

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

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

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 5 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.

AL JAFREE SALIHIN KUZAIMI PLT
201506002872 (LLP00006652-LCA) & AF1522
Chartered Accountants

AHMAD ALJAFREE BIN MOHD RAZALLI
NO. 01768/05/2023 J
Chartered Accountant

Kuala Lumpur

14 April 2023

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000 Restated
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	750	750
Property, plant and equipment	6	24,797	49,473	321	5
Investment properties	7	-	-	-	-
Right-of-use assets	8	277	6	232	-
Other investments	9	69	73	-	-
		25,143	49,552	1,303	755
CURRENT ASSETS					
Contract cost assets	10	-	323	-	-
Trade receivables	11	28,506	11,620	-	-
Other receivables, deposits and prepayments	12	885	450	37	-
Amount owing by subsidiaries	13	-	-	3,055	8,109
Contract assets	14	705	3,443	-	-
Current tax assets		93	89	-	-
Fixed deposits with licensed banks	15	4,026	3,904	-	-
Cash and bank balances		18,543	13,137	10,900	10,393
		52,758	32,966	13,992	18,502
TOTAL ASSETS		77,901	82,518	15,295	19,257

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

cont'd

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000 Restated
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	54,491	54,491	54,491	54,491
Redeemable convertible preference shares	17	23,300	23,300	23,300	23,300
Reserves	18	(129,334)	(118,115)	(91,899)	(89,273)
Equity attributable to owners of the Company		(51,543)	(40,324)	(14,108)	(11,482)
Non-controlling interests		2,196	2,196	-	-
TOTAL EQUITY		(49,347)	(38,128)	(14,108)	(11,482)
NON-CURRENT LIABILITIES					
Lease liabilities	19	233	-	204	-
Deferred tax liabilities	20	4,461	4,461	-	-
Provision of retirement benefit	21	1,328	1,609	-	-
Other payables and accruals	22	14,115	58,253	-	28,407
		20,137	64,323	204	28,407
CURRENT LIABILITIES					
Trade payables	23	20,520	15,882	-	-
Other payables and accruals	22	78,194	32,179	29,160	2,027
Provision of retirement benefit	21	351	425	-	-
Amount owing to a subsidiary	13	-	-	-	305
Lease liabilities	19	48	-	39	-
Short-term borrowing	24	7,000	7,000	-	-
Current tax liabilities		998	837	-	-
		107,111	56,323	29,199	2,332
TOTAL LIABILITIES		127,248	120,646	29,403	30,739
TOTAL EQUITY AND LIABILITIES		77,901	82,518	15,295	19,257

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000 Restated
REVENUE	25	96,069	27,105	-	-
COST OF SALES		(81,280)	(33,105)	-	-
GROSS PROFIT/(LOSS)		14,789	(6,000)	-	-
OTHER INCOME		3,044	10,204	236	26
		17,833	4,204	236	26
ADMINISTRATIVE EXPENSES		(11,259)	(4,478)	(2,830)	(3,089)
OTHER EXPENSES		(13,935)	(7,430)	(26)	(9)
FINANCE COSTS		(366)	(2,287)	(6)	-
LOSS BEFORE TAXATION	26	(7,727)	(9,991)	(2,626)	(3,072)
INCOME TAX EXPENSE	27	(3,488)	4,731	-	(42)
LOSS AFTER TAXATION		(11,215)	(5,260)	(2,626)	(3,114)
OTHER COMPREHENSIVE LOSS					
<u>Items that Will Not be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Fair value changes of other investments	9	(4)	(31)	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(11,219)	(5,291)	(2,626)	(3,114)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(11,215)	(5,260)	(2,626)	(3,114)
Non-controlling interests		-	-	-	-
		(11,215)	(5,260)	(2,626)	(3,114)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(11,219)	(5,291)	(2,626)	(3,114)
Non-controlling interests		-	-	-	-
		(11,219)	(5,291)	(2,626)	(3,114)
LOSS PER SHARE (SEN)	28				
- Basic		(2.39)	(1.30)		
- Diluted		(1.60)	(1.30)		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2022

	← Non-Distributable →		Distributable		Attributable to Owners of the Company		Non-controlling Interests	Total Equity	
	Share Capital	Capital Reserve	Merger Deficit	Other Reserve	Accumulated Losses	RM'000			RM'000
The Group									
As at 1 January 2021	47,791	-	23,563	(52,991)	(95)	(83,301)	(65,033)	2,196	(62,837)
Loss after taxation for the financial year	-	-	-	-	-	(5,260)	(5,260)	-	(5,260)
Other comprehensive loss for the financial year:									
- Fair value changes of other investments	-	-	-	-	-	(31)	(31)	-	(31)
Total comprehensive loss for the financial year	-	-	-	-	-	(5,291)	(5,291)	-	(5,291)
Transaction with owners:-									
Issuance of shares	16	6,700	-	-	-	-	6,700	-	6,700
Issuance of redeemable convertible preference shares	17	-	23,300	-	-	-	23,300	-	23,300
As at 31 December 2021	54,491	23,300	23,563	(52,991)	(95)	(88,592)	(40,324)	2,196	(38,128)

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2022

cont'd

	← Non-Distributable →		Distributable			Total Equity RM'000			
	Share Capital RM'000	Redeemable Convertible Preference Shares RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Other Reserve RM'000		Accumulated Losses RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000
The Group									
As at 1 January 2022	54,491	23,300	23,563	(52,991)	(95)	(88,592)	(40,324)	2,196	(38,128)
Loss after taxation for the financial year	-	-	-	-	-	(11,215)	(11,215)	-	(11,215)
Other comprehensive loss For the financial year:									
- Fair value changes of other investments	-	-	-	-	-	(4)	(4)	-	(4)
As at 31 December 2022	54,491	23,300	23,563	(52,991)	(95)	(99,811)	(51,543)	2,196	(49,347)

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2022

cont'd

	Note	Share Capital RM'000	Redeemable Convertible Preference Shares RM'000	Distributable Accumulated Losses RM'000	Total Equity RM'000
The Company					
As at 1 January 2021		47,791	-	(86,159)	(38,368)
Loss after taxation/Total comprehensive loss for the financial year		-	-	(3,114)	(3,114)
Total contributions by owners:-					
Issuance of shares	16	6,700	-	-	6,700
Issuance of redeemable convertible preference shares	17	-	23,300	-	23,300
As at 31 December 2021		54,491	23,300	(89,273)	(11,482)
As at 1 January 2022		54,491	23,300	(89,273)	(11,482)
Loss after taxation/Total comprehensive loss for the financial year		-	-	(2,626)	(2,626)
As at 31 December 2022		54,491	23,300	(91,899)	(14,108)

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2022

	The Group		The Company	
	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000 Restated
CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES				
Loss before taxation	(7,727)	(9,991)	(2,626)	(3,072)
Adjustments for: -				
Amortisation of investment properties	-	1	-	-
Depreciation of property, plant and Equipment	9,444	13,277	4	9
Depreciation of right-of-use assets	22	151	21	-
Finance costs	366	2,287	6	-
Impairment loss:				
- investment properties	-	89	-	-
- property, plant and equipment	2,726	4,462	-	-
- receivables	-	6	-	-
- amount owing by related parties	362	-	-	-
- right-of-use assets	-	949	-	-
Loss/(Gain) on disposal of property, plant and equipment	10,809	(136)	-	-
Property, plant and equipment written off	1	-	1	-
Gain on disposal of right-of-use assets	-	(1,553)	-	-
Interest income	(312)	(61)	(158)	-
Reversal of expected credit losses:				
- other receivables	(107)	-	-	-
- trade receivables	-	(2)	-	-
Reversal of provision for retirement Benefits	(71)	(2,099)	-	-
Operating profit/(loss) before working capital changes	15,513	7,380	(2,752)	(3,063)
Decrease/(Increase) in contract cost Assets	323	(323)	-	-
Decrease/(Increase) in contract assets	2,738	(2,129)	-	-
Increase in trade and other receivables	(17,214)	(7,867)	(37)	-
Decrease/(Increase) in amount owing by subsidiaries	-	-	4,749	(16,230)
Increase/(Decrease) in trade and other payables	6,116	13,149	(1,274)	457
CASH FLOWS GENERATED FROM/ (USED IN) OPERATIONS	7,476	10,210	686	(18,836)
Income tax (refunded)/paid	(3,331)	29	-	(42)
Interest paid	(323)	(5,898)	-	-
Retirement benefits paid	(284)	(12)	-	-
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	3,538	4,329	686	(18,878)

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2022

cont'd

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS GENERATED FROM/ (USED IN) INVESTING ACTIVITIES				
Acquisition of subsidiaries	-	-	-	(749)
Interest income received	312	61	158	-
Proceeds from disposal of property, plant and equipment	2,191	1,371	-	-
Purchase of property, plant and equipment	(495)	(10)	(321)	-
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	2,008	1,422	(163)	(749)
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES				
Additions to pledged fixed deposits	(122)	(68)	-	-
Proceeds from issuance of redeemable convertible preference shares	-	23,300	-	23,300
Proceeds from issuance of ordinary shares	-	6,700	-	6,700
Repayment of borrowings	-	(23,295)	-	-
Repayment of lease liabilities	(18)	(118)	(16)	-
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	(140)	6,519	(16)	30,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,406	12,270	507	10,373
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	13,137	867	10,393	20
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	18,543	13,137	10,900	10,393

The cash and cash equivalents comprise the following: -

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits with licensed banks	4,026	3,904	-	-
Cash and bank balances	18,543	13,137	10,900	10,393
	22,569	17,041	10,900	10,393
Less: Fixed deposits pledged to licensed banks with maturity above 3 months	(4,026)	(3,904)	-	-
Cash and cash equivalents	18,543	13,137	10,900	10,393

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the main market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office : Third Floor, No. 77, 79 & 81,
Jalan Ss 21/60, Damansara Utama,
47400 Petaling Jaya Selangor.

Principal place of business : Unit 303, Block G, Pusat Dagangan Phileo Damansara 1,
Jalan 16/11 off Jalan Damansara,
46350 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 14 April 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

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

For the year ended 31 December 2022, the Group's current liabilities exceeded its current assets by RM54,353,000 (2021:RM23,357,000) and as of the date, the Group has a shareholder's deficit of RM49,347,000 (2021:RM38,128,000). The current liabilities of the Group arose from trade and other payables and borrowings. During the financial year, KTB have diversified the Group core business after taking into consideration the challenge faced and lackluster financial performance of the Group's transport business, being an interim measure undertaken by the Group toward Regularisation its PN17 status, which also include the following proposals which certain proposals have taken place during the financial year.

The directors have considered the following in assessing the appropriateness of the uses of going concern assumption in the preparation of the consolidated financial statements:

Completed:

- a) Completed by established Construction Business company, Transnational Builder Sdn. Bhd. ("TBSB") a wholly owned subsidiary of the Company on 13 September 2021 and entered into agreements to awards with Misi Jutari Sdn Bhd ("MJSB") and Hektar Muda Sdn Bhd ("HMSB"). The construction projects were located at Bandar Seri Iskandar, Perak ("**Project SSI**") and Cameron Highlands, Pahang ("**Project Cameron**") These two projects are has commenced since construction October 2021. In December 2021, TBSB is awarded by United Allied Development Sources Sdn Bhd a construction at Bidor Perak. The total aggregate value the construction amounting to RM 96.9 million. Subsequently, as at 31 December 2022, TBSB has secured 4 construction projects from Probil Industries (M) Sdn. Bhd., Living Stone Development Sdn. Bhd and Maju Teluk Batik Sdn. Bhd with an aggregated award value of RM388.6 million. The construction projects were located at Klang, Selangor ("**Project Probil 1 & 2**"), Kuala Lipis, Pahang ("**Project Kuala Lipis**"), Meru, Ipoh, Perak ("**Project Ipoh-Meru**").

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

3. BASIS OF PREPARATION (cont'd)

Completed: (cont'd)

- b) Completed placements of new ordinary shares of 67,000,000 shares at an issue price of RM0.10 amounting to RM6,700,000 and redeemable convertible preferences shares (RCPS) of 233,000,000 RCPS Shares at an issue price of RM0.10 amounting to RM23,300,000 in KTB. The placement shares of the RCPS will be issued in a single tranche to the Placement Investor, which will raise an aggregate value of RM30.0 million. This proposed placements already took place on 29 December 2021 in full via cash in accordance to the terms and conditions of the respective subscription agreements. The proceeds have been utilised for payment to Malaysia Debt Ventures Berhad ("MDV") and Pembangunan Leasing Corporation ("PLC") as major payables to the Group. This has resulted in the settlement of substantial amount of Group's liabilities;
- c) Amended to the Constitutions of the Company to facilitate the creation and issuance of the RCPS. The amended Constitution completed and lodged on 21 June 2022;
- d) Disposed by KTB of the entire equity interest in the Disposal Companies to Park May Berhad, a wholly owned subsidiary of KTB, for an aggregate cash consideration of RM1.00 ("KTB Disposal");
- e) Acquisition by KTB of the entire equity interest in Cityliner Sdn Bhd ("CLSB") from PMB and Tulus Hebat Sdn Bhd ("THSB"), a wholly owned subsidiary of PMB for an aggregate cash consideration of RM1.00 ("CLSB Acquisition"); and
- f) Restructuring of Park May Group by way of:
 - Acquisition by CLSB of 21 buses from SKMK for a purchase consideration of RM1.00 and disposal of 54 buses to SRT for a disposal consideration of RM1.00 ("Bus Reorganisation"); and
 - Consolidation of the inter-company balances between KTB and CLSB with PMB and its subsidiaries ("PMB Group").

On-going proposed regularisation plan:

- a) Proposed disposal of 74,996,022 ordinary shares in Parkmay Berhad (PMB), representing the entire equity interest in PMB via a conditional share sale agreement date 27 September 2022 ("**SSA**") with Nadicorp Holdings Sdn. Bhd. ("**Nadicorp**" or "**Purchaser**") for a cash consideration of RM1.00 ("**Disposal Consideration**") ("**Proposed Disposal**");
- b) Proposed reduction of the issued share capital of the Company pursuant to Section 116 of the Companies Act, 2016 ("Act") ("**Proposed Share Capital Reduction**"); and
- c) Proposed private placement of 125,000,000 new KTB Shares ("Placement Shares"), representing approximately 26.61% of the existing number of issued shares of KTB at an issue price of RM0.16 per Placement Share ("Issue Price") ("**Proposed Private Placement**") to SWC Capital Sdn Bhd ("SWC"), AJK Hartanah Sdn Bhd ("AJK"), Supreme Home Appliances Sdn Bhd ("Supreme Home"), Ho Teik Suan, Shin Kam Sun, Foong Kah Heng, Loy Chee Jin, Ong Tong Pheng @ Eng Ah Toon ("Ong TP"), Mohd Afizan bin Mohd Ariff ("Mohd Afizan"), Lim Chin Kean, Andy Woo Weng Kok ("Andy Woo"), Rondy Yunanda Yong ("Rondy"), Dato' Chan Wah Kiang ("Dato Chan") and Darren Cheong Hao Yuan ("Darren Cheong") (collectively, the "Placement Investors") via the subscription agreements entered into between KTB and the respective Placement Investors on 27 September 2022 ("**Subscription Agreements**").

As at the date of report, the proposed regularisation plan is pending the approval from Bursa Securities.

Based on the directors assessment on the circumstances set out above, the material uncertainties no longer exist and hence they are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group on a going-concern basis.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

3. BASIS OF PREPARATION (cont'd)

- 3.1 The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

Title	Effective Date
Amendments to MFRS 16 Leases – Covid 19 – Related Rent Concessions beyond 30 June 2021	1 January 2022
Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment – Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022
Annual Improvement to MFRS Standards 2018-2020 - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards - Amendments to MFRS 9 Financial Instruments - Amendment to MFRS 141 Agriculture	1 January 2022

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

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:-

Title	Effective Date
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 Leases – Lease Liability in Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements – Non-current liabilities with Covenants

Effective date of these Amendments to Standards has been deferred, and yet to be announced

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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical accounting estimates and judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Impairment of Property, Plant and Equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(c) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 11 and 14 to the financial statements respectively.

(d) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 12 and 13 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 Critical accounting estimates and judgements (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(e) Revenue from construction contracts

The Group recognises contract revenue based on input method. The stage of completion is measured by reference to the contract costs incurred up to reporting date as a percentage of total estimated costs for each contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contracts, including the foreseeable losses, potential claims (variation orders) to owners of the projects and counter claims from subcontractors and liquidated ascertained damages ("LAD") based on expected completion dates of the contracts. In making this judgement, the Directors took into consideration the current circumstances and relied on input from the Group's project managers, external consultants, where appropriate, and past experience. In addition, in determining the provision for LAD to be recorded, the Directors also assessed the ability of the Group to recover from the subcontractors, the potential LAD imposed on the Group by the project owners for delays in projects caused directly by the subcontractors.

The contract assets of the Group arising from construction contracts are disclosed in Note 14 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4.2 Basis of consolidation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Goodwill

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

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

4.4 Functional and presentation currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Financial instruments (cont'd)

(a) Financial Assets (cont'd)

Debt Instruments (cont'd)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value Through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

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

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Financial instruments (cont'd)

(c) Equity Instruments (cont'd)

(ii) Redeemable Convertible Preference Shares ("RCPS")

RCPS are classified as equity if they are non-redeemable, or are redeemable but only at the Company's option, and any dividends are discretionary.

RCPS are classified as equity in accordance with the substance of the contractual arrangement of the instruments. Dividends on RCPS are recognised as distributions within equity.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

4.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Property, plant and equipment (cont'd)

Depreciation on property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

	Annual rates
Buildings	50 years
Computer equipment and workshop equipment	5 - 10 years
Office equipment and furniture and fittings	3 - 10 years
Buses and motor vehicles	4 - 10 years

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.8 Investment properties

Investment properties are properties which are owned or right-of-use asset held 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 which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

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

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.10 Contract cost assets

(a) Incremental Costs of Obtaining a Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil a Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract cost assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost assets exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost assets does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Contract asset and contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

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

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.13 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 Impairment (cont'd)

(b) Impairment of Non-financial Assets (cont'd)

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.15 Employee benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Defined Benefit Plans

The Group operates an unfunded, defined benefit retirement benefit scheme ("the Scheme") for its eligible employees. The Group's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the present value of the defined benefit obligation.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost. Any assets resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Employee benefits (cont'd)

(c) Defined Benefit Plans (cont'd)

Actuarial gains and losses arises mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred. Such gains and losses are credited or charged to profit or loss over the expected average remaining working lives of the eligible employees participating in the Scheme.

4.16 Income taxes

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.17 Operating Segments

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Earnings per ordinary share

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise redeemable convertible preference shares.

4.19 Borrowing costs

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

4.20 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.21 Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Company's contract asset is the excess of cumulative revenue earned over the billings to-date.

When 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 Company has received the consideration or has billed the customer. The Company's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Company performs its obligation under the contract

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.22 Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

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

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

(a) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

(b) Rendering of Public Transportation Services

The revenue is a distinct performance obligation and recognised upon the completion of services rendered net of penalties.

4.23 Other operating income

Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022
cont'd

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022	2021
	RM'000	RM'000
Unquoted shares, at cost	25,749	25,749
Accumulated impairment losses	(24,999)	(24,999)
	750	750

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022	2021	
		%	%	
Cityliner Sdn. Bhd.*	Malaysia	100	100	Operation of public transportation for stage bus
Transnational Builder Sdn. Bhd.*	Malaysia	100	100	Construction works
Park May Berhad ("Park May")	Malaysia	100	100	Investment holdings
Subsidiaries of Park May				
Syarikat Kenderaan Melayu Kelantan Berhad ("SKMK")	Malaysia	100	100	Public transportation services
Tanjong Keramat Temerloh Utara Omnibus Berhad ("STK")	Malaysia	100	100	Public transportation services
Kenderaan Langkasuka Sdn. Bhd. ("Langkasuka")	Malaysia	100	100	Public transportation services
SKMK Berhad	Malaysia	100	100	Ceased operation
Kenderaan Labu Sendayan Sdn. Bhd. ("KLSSB")	Malaysia	100	100	Rental of buses
Starise Sdn. Bhd. ("Starise")	Malaysia	100	100	Rental of buses
Syarikat Rembau Tampin Sdn. Bhd. ("SRT")	Malaysia	100	100	Ceased operations
Transnasional Express Sdn. Bhd. ("TESB")	Malaysia	100	100	Public transportation services

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:- (cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Subsidiaries of Park May (cont'd)				
Park May Travel & Tours Sdn. Bhd.	Malaysia	100	100	Advertisement activities
Trans-Express Courier Sdn Bhd. ("TEC") *	Malaysia	100	100	Courier services
The Kuala Lumpur, Klang and Port Swettenham Omnibus Co Bhd. ("KLK")	Malaysia	100	100	Investment holdings
Jurubas Sdn. Bhd.	Malaysia	100	100	Ceased operations
Siana Corporation Sdn. Bhd.	Malaysia	100	100	Ceased operations
Tulus Hebat Sdn. Bhd. ("THSB")	Malaysia	100	100	Investment holdings
Plusliner Travel & Tours Sdn. Bhd. ("PLTT")	Malaysia	100	100	Domestic travel and tour
Nikra Sdn. Bhd. ("NSB")	Malaysia	95	95	Investment holdings
Min Sen Holdings Sdn. Bhd. ("MSHSB")	Malaysia	59	59	Investment holdings
Ulung Perkasa Sdn. Bhd. ("UPSB")	Malaysia	100	100	Investment holdings
Plusliner Sdn. Bhd. ("PLSB")	Malaysia	100	100	Public transportation services and investment holdings
Jelevu Holdings Sdn. Bhd. ("JHSB")	Malaysia	83	83	Investment holdings
City Profile Sdn. Bhd. ("CPSB")	Malaysia	100	100	In the process of winding up
Landvest Sdn. Bhd. ("LSB")	Malaysia	100	100	In the process of winding up

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022
cont'd

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:- (cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Subsidiaries of KLK				
The Kuala Selangor Omnibus Co Bhd.	Malaysia	90	90	Ceased operations
Tg. Karang Transportation Sdn. Bhd.	Malaysia	70	70	Ceased operations
Subsidiaries of THSB				
Len Chee Omnibus Company Sdn. Bhd.	Malaysia	85	85	In the process of winding up
Subsidiary of NSB				
Central Province Wellesley Transport Co Sdn. Bhd.	Malaysia	100	100	Ceased operations
Subsidiaries of MSHSB				
The Min Sen Omnibus Company Sdn. Bhd.	Malaysia	100	100	Ceased operations
Sam Lian Enterprise Sdn. Bhd.	Malaysia	100	100	Property holding
Sam Lian Omnibus Company Sdn. Bhd.	Malaysia	62	62	Ceased operations
Subsidiaries of UPSB				
Leng Huat Omnibus Company Sdn. Bhd.	Malaysia	97	97	Ceased operations
Syarikat Ekspres Kuala Trengganu - Kuala Lumpur Sdn. Bhd.	Malaysia	100	100	Ceased operations
The Kuantan Kuala Lumpur Express Omnibus Company Sdn. Bhd.	Malaysia	95	95	Ceased operations
Kuala Trengganu Kuantan Express Company Sdn. Bhd.	Malaysia	81	81	In the process of winding up

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows:- (cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Subsidiaries of PLSB				
Skypark Coaches Sdn. Bhd.	Malaysia	100	100	Public transportation services
Pengangkutan Sri (Perak) Berhad	Malaysia	91	91	Ceased operations
Syarikat Ebban Sdn. Bhd.	Malaysia	62	62	Ceased operations
Subsidiaries of JHSB				
Kenderaan Bas Jelebu Sdn Bhd.	Malaysia	100	100	Ceased operations
Kenderaan Bas Seremban Sdn. Bhd.	Malaysia	69	69	Ceased operations
Kenderaan Bas Linggi Sdn. Bhd.	Malaysia	88	88	In the process of winding up
Kenderaan Bas Port Dickson Sdn. Bhd.	Malaysia	93	93	In the process of winding up

* *These subsidiaries were audited by firm other than Al Jafree Salihin Kuzaimi PLT (AF 1522)*

- (a) The Company carried out an impairment assessment on its investments in subsidiaries on annual basis. The recoverable amount of the subsidiaries was determined based on value in use calculation using cash flow projections covering a five-year period. The discount rate applied to the cash flow projections is 5% (2021: 5%). Based on the impairment assessment performed, no impairment loss has been recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

6. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land and buildings RM'000	Computer equipment and workshop equipment RM'000	Office equipment and furniture and fittings RM'000	Buses and motor vehicles RM'000	Total RM'000
Cost					
At 1 January 2022	98	23,574	5,994	186,005	215,671
Additions	-	3	345	147	495
Disposals	-	-	-	(34,599)	(34,599)
Write off	-	(277)	(298)	-	(575)
At 31 December 2022	98	23,300	6,041	151,553	180,992
Accumulated Depreciation					
At 1 January 2022	36	22,005	4,760	133,827	160,628
Depreciation charges	-	115	4	9,325	9,444
Disposals	-	-	-	(20,099)	(20,099)
Write off	-	(277)	(297)	-	(574)
At 31 December 2022	36	21,843	4,467	123,053	149,399
Accumulated Impairment					
At 1 January 2022	60	620	-	4,890	5,570
Impairment losses	-	2	-	2,724	2,726
Disposals	-	-	-	(1,500)	(1,500)
At 31 December 2022	60	622	-	6,114	6,796
Carrying Amount	2	835	1,574	22,386	24,797

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	Freehold land and buildings RM'000	Computer equipment and workshop equipment RM'000	Office equipment and furniture and fittings RM'000	Buses and motor vehicles RM'000	Total RM'000
Cost					
At 1 January 2021	98	23,574	5,984	189,325	218,981
Additions	-	-	10	-	10
Disposals	-	-	-	(3,320)	(3,320)
At 31 December 2021	98	23,574	5,994	186,005	215,671
Accumulated Depreciation					
At 1 January 2021	36	21,680	4,755	122,965	149,436
Depreciation charges	-	325	5	12,947	13,277
Disposals	-	-	-	(2,085)	(2,085)
At 31 December 2021	36	22,005	4,760	133,827	160,628
Accumulated Impairment					
At 1 January 2021	60	-	-	1,048	1,108
Impairment losses	-	620	-	3,842	4,462
At 31 December 2021	60	620	-	4,890	5,570
Carrying Amount	2	949	1,234	47,288	49,473

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company	Computer equipment and workshop equipment RM'000	Office equipment and furniture and fittings RM'000	Total RM'000
Cost			
At 1 January 2022	277	298	575
Additions	-	321	321
Write off	(277)	(298)	(575)
At 31 December 2022	-	321	321
Accumulated Depreciation			
At 1 January 2022	274	296	570
Depreciation charges	3	1	4
Write off	(277)	(297)	(574)
At 31 December 2022	-	-	-
Carrying Amount	-	321	321
Cost			
At 1 January/31 December 2021	277	298	575
Accumulated Depreciation			
At 1 January 2021	272	289	561
Depreciation charges	2	7	9
At 31 December 2021	274	296	570
Carrying Amount	3	2	5

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

7. INVESTMENT PROPERTIES

	The Group	
	2022 RM'000	2021 RM'000
Cost:-		
At 1 January/31 December	306	306
Accumulated depreciation:-		
At 1 January	217	216
Depreciation during the financial year	-	1
At 31 December	217	217
Accumulated impairment:-		
At 1 January/31 December	89	89
At 31 December	-	-

8. RIGHT-OF-USE ASSETS

	At 1 January 2022 RM'000	Additions RM'000	Depreciation Charges RM'000	At 1 December 2022 RM'000		
The Group						
2022						
<i>Carrying Amount</i>						
Leasehold land and buildings	6	-	-	6		
Office premises	-	293	(22)	271		
	6	293	(22)	277		
	At 1 January 2021 RM'000	Disposals RM'000	Impairment RM'000	Depreciation Charges RM'000	Adjustments RM'000	At 1 December 2021 RM'000
2021						
<i>Carrying Amount</i>						
Leasehold land and buildings	726	(1,000)	(949)	(151)	1,380	6

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

8. RIGHT-OF-USE ASSETS (cont'd)

The Company	At 1 January 2022 RM'000	Additions RM'000	Depreciation Charges RM'000	At 31 December 2022 RM'000
2022				
<i>Carrying Amount</i>				
Office premises	-	253	(21)	232

The Group has lease contracts for leasehold land and office premises used in its operations. Their lease terms range from 1 to 6 years (2021: 2 to 3 years).

The Company has a lease contract for office premise used in its operations. Its lease term is 6 years.

9. OTHER INVESTMENTS

	The Group	
	2022 RM'000	2021 RM'000
<u>Non-Current</u>		
<i>Investments At Fair Value Through Other Comprehensive Income</i>		
At 1 January	73	104
Changes in fair value	(4)	(31)
At 31 December	69	73

10. CONTRACT COST ASSETS

	The Group	
	2022 RM'000	2021 RM'000
		Restated
Costs to fulfil a contract	-	323

These amounts are attributable to the construction costs that are capitalised as contract costs in the prior financial year. These costs are charged to profit or loss upon utilisation of such materials in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

11. TRADE RECEIVABLES

	The Group	
	2022 RM'000	2021 RM'000 Restated
Third parties	36,483	19,597
Allowance for expected credit losses	(7,977)	(7,977)
	28,506	11,620
Allowance for expected losses:-		
At 1 January	(7,977)	(10,911)
Addition during the financial year	-	(5)
Reversal during the financial year	-	2
Written off during the financial year	-	2,937
At 31 December	(7,977)	(7,977)

The Group's normal trade credit terms range from 14 to 90 days (2021: 14 to 90) days.

Included in trade receivables balance is retention sum amounting to RM3,125,000 (2021:RM396,000)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables: -				
Third parties	519	418	76	53
Deposits	579	601	14	-
Prepayments	396	227	-	-
Allowance for expected credit losses	(609)	(796)	(53)	(53)
	885	450	37	-
Allowance for expected credit losses:-				
At 1 January	(796)	(3,798)	(53)	(718)
Addition during the financial year	-	(1)	-	-
Reversal during the financial year	107	-	-	-
Written off during the financial year	80	3,003	-	665
At 31 December	(609)	(796)	(53)	(53)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2022	2021
	RM'000	RM'000
Current		
<i>Non-trade balances</i>		
Amount owing by subsidiaries	88,431	93,485
Allowance for expected credit losses	(85,376)	(85,376)
	3,055	8,109
Amount owing to subsidiaries	-	(305)
	3,055	7,804
Allowance for expected credit losses: -		
At 1 January/31 December	(85,376)	(85,376)

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

(b) The amount due to subsidiaries was non-trade in nature, unsecured and interest-free.

14. CONTRACT ASSETS

	The Group	
	2022	2021
	RM'000	RM'000
		Restated
Contract Assets		
At 1 January	3,443	1,314
Performance obligations performed	75,666	24,047
Billings to customer during the financial year	(78,404)	(21,918)
At 31 December	705	3,443
Represented by: -		
Stage bus services	(a) -	3,113
Construction contract	(b) 705	330
	705	3,443

(a) Contract assets for bus business primarily relate to the entity's right to consideration for public transportation for stage bus services rendered but not yet billed at the reporting date. As stipulated in the Service Agreement entered with APAD, the amount will be billed upon verification of submission claims.

(b) Contract assets for construction business primarily relate to the Company's right to consideration for work completed on construction contract but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 30 to 90 days upon issuance of invoice.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

15. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.78% to 3.16% (2021: 2.88% to 3.16%) per annum. The fixed deposits have a maturity period ranging from 1 to 12 months (2021: 1 to 12 months).
- (b) The fixed deposits with licensed banks have been pledged to licensed banks as security for bank guarantee facilities and banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

16. SHARE CAPITAL

	The Group/The Company			
	2022	2021	2022	2021
	Number Of Shares ('000)		RM'000	
Issued and Fully Paid-up				
Ordinary Shares				
At 1 January	469,798	402,798	54,491	47,791
Issuance of new shares for cash	-	67,000	-	6,700
At 31 December	469,798	469,798	54,491	54,491

- (i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (ii) In the previous financial year, the Company increased its issued and fully paid-up share capital from RM47,790,674 to RM54,490,674, by way of the issuance of 6,700,000 new ordinary shares of RM0.10 each.

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

17. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	The Group/The Company			
	2022	2021	2022	2021
	Number Of Shares ('000)		RM'000	
At 1 January	233,000	-	23,300	-
Issued during the financial year	-	233,000	-	23,300
At 31 December	233,000	233,000	23,300	23,300

The RCPS issued by the Company to the shareholders are convertible at any time at the discretion of the holder commencing 31 December 2021 ("Issue Date") up to such date no later than nine (9) market days prior to the relevant redemption date into such number of fully paid new ordinary shares without payment of any consideration (cash or otherwise) and with the conversion ratio of one (1) new ordinary shares for one (1) RCPS held.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

17. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (cont'd)

The preference shares confer on their holders the following rights and privileges:

- (i) The right to be paid, a cumulative preferential dividend of 4% to 7% per annum on the issue price, or at 500% per annum gross based on its nominal value;
- (ii) The right in a winding up or return of capital (other than on the redemption of the preference shares) to receive, in priority to the holders of any other class of shares in the capital of the Company, repayment in full of the nominal value and the payment of any cumulative preferential dividend calculated up to the date of commencement of the winding up or return of capital, but no further right to share in surplus assets; and
- (iii) The right to receive notice of and attend all general meetings of the Company, and shall have the right on a poll at any general meeting of the Company to one vote for each preference share held:
 - (a) upon any resolution which varies or is deemed to vary the rights attached to the preference shares;
 - (b) upon any resolution for the reduction of capital of the Company; and
 - (c) upon any resolution for the winding up of the Company, but shall otherwise have no right to vote at general meetings of the Company.

18. RESERVES

		The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capital reserve	(a)	23,563	23,563	-	-
Merger deficit	(b)	(52,991)	(52,991)	-	-
Other reserve	(c)	(95)	(95)	-	-
Accumulated losses		(99,811)	(88,592)	(91,899)	(89,273)
		(129,334)	(118,115)	(91,899)	(89,273)

- (a) Capital reserve of RM5,811,000 relates to share premium in a subsidiary accounted for in consolidation under the pooling of interest method of accounting in prior years.

Capital reserve of RM17,752,000 arose from the waiver of debts by a subsidiary of the ultimate holding company in previous financial year.

- (b) The merger deficit arose from the business combination exercise in prior years which were accounted for under the pooling of interest method of accounting. Subsequent undistributed profits from operations of the Group will be set off against the merger reserve until it is fully recognised.
- (c) Currency exchange reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

19. LEASE LIABILITIES

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	-	-
Additions	293	-	253	-
Interest expenses recognised in profit or loss	6	-	6	-
Repayment of principal	(12)	-	(10)	-
Repayment of interest expense	(6)	-	(6)	-
At 31 December	281	-	243	-
Analysed by:				
Current liabilities	48	-	39	-
Non-current liabilities	233	-	204	-
	281	-	243	-

20. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		
	2022		
	RM'000		
Accelerated capital allowances over depreciation			(84,561)
Allowance for impairment			2,721
Unabsorbed tax losses and unutilised capital allowances			76,525
Provision for retirement benefits			854
			(4,461)
The Group	At 1 January 2021 RM'000	Recognised in Profit or Loss RM'000	At 31 December 2021 RM'000
2021			
Accelerated capital allowances over depreciation	(90,252)	5,691	(84,561)
Allowance for impairment	2,721	-	2,721
Unabsorbed tax losses and unutilised capital allowances	76,525	-	76,525
Provision for retirement benefits	854	-	854
	(10,152)	5,691	(4,461)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

20. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

At the end of the reporting period, the amounts of deferred tax assets recognised (stated at gross) due to uncertainty of the recognised are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unabsorbed capital allowances	49,910	51,402	130	34
Unutilised tax losses	29,830	27,222	8,206	5,597
Other deductible temporary differences	2,032	4,010	(81)	-
	81,772	82,634	8,255	5,631

21. PROVISION FOR RETIREMENT BENEFITS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme for eligible employees. The Group's obligations under this Scheme are determined based on triennial actuarial valuation using the projected unit credit method.

The last actuarial valuation report was carried out as at 31 December 2020 by an independent valuer which is a Fellow of the Institute of Actuaries in Malaysia. As at that date, the valuation showed that the Group's provision for retirement benefit was sufficient to meet the actuarially determined value of vested benefits.

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
The Group					
Present value of obligation	1,679	2,034	6,105	6,374	5,667
Movement in the net liabilities:-					
At 1 January	2,034	6,105	6,374	5,667	7,386
(Reversal of)/Additional provision during the financial year	(71)	(2,099)	14	1,999	(1,497)
Overprovision in prior year	-	-	-	-	-
Converted to retrenchment payable	-	(1,960)	-	-	-
Payment made during the financial year	(284)	(12)	(283)	(1,292)	(222)
	1,679	2,034	6,105	6,374	5,667

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

21. PROVISION FOR RETIREMENT BENEFITS (cont'd)

The amounts recognised/(reversed) in the consolidated statement of comprehensive income are as follows:

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Current service cost	(71)	(2,099)	14	1,999	(1,813)
Interest cost	-	-	-	-	316
	(71)	(2,099)	14	1,999	(1,497)
Current	351	425	570	511	218
Non-current:					
Later than 1 year but not later than 2 years	1,328	334	495	5,863	871
Later than 2 year but not later than 5 years	-	740	2,999	-	2,430
Later than 5 years	-	535	2,041	-	2,148
	1,328	1,609	5,535	5,863	5,449
	1,679	2,034	6,105	6,374	5,667

Principal actuarial assumptions used to determine benefit obligations:

	2022 %	2021 %	2020 %	2019 %	2018 %
Discount rate	5.00	5.00	5.00	5.00	5.00
Expected price inflation	5.00	5.00	5.00	5.00	5.00

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
Non-current:				
Other payables:-				
Related parties	14,115	58,253	-	28,407
Current:				
Other payables:-				
Third parties	21,223	27,674	1,029	2,307
Related parties	45,752	-	28,131	(280)
Accruals	11,219	4,505	-	-
	78,194	32,179	29,160	2,027
	92,309	90,432	29,160	30,434

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

22. OTHER PAYABLES AND ACCRUALS (cont'd)

The amounts owing by or to related parties are non-trade in nature, unsecured, interest-free, and receivable or repayable on demand.

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 1 to 90 (2021: 30 to 90) days.

24. SHORT-TERM BORROWING

	The Group	
	2022	2021
	RM'000	RM'000
Revolving credit	7,000	7,000

Revolving credit is subject to interest rates ranging from 4.09% to 5.22% (2021: 5.51% to 5.87%) per annum.

25. REVENUE

	The Group	
	2022	2021
	RM'000	RM'000
Revenue from Contracts with Customers		
<u>Recognised over time</u>		
Construction contracts	54,964	8,251
<u>Recognised at a point in time</u>		
Stage bus services	21,724	16,055
Public transportation services	19,381	2,799
At 31 December	96,069	27,105

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

26. LOSS BEFORE TAXATION

	The Group		The Company	
	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000 Restated
Loss before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- audit fees	200	200	30	30
Directors' remuneration	685	225	495	225
Accretion of financial liabilities	37	-	-	-
Amortisation of investment properties	-	1	-	-
Depreciation:				
- property, plant and equipment	9,444	13,277	4	9
- right-of-use assets	22	151	21	-
Fair value loss on financial assets measured at fair value through profit or loss mandatorily:				
- other investments	4	31	-	-
Impairment loss:				
- amount owing by related parties	362	-	-	-
- investment properties	-	5	-	-
- property, plant and equipment	2,726	4,462	-	-
- right-of-use assets	-	949	-	-
Expected credit losses:				
- trade receivables	-	5	-	-
- other receivables	-	1	-	1
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- finance lease	-	1,982	-	-
- revolving credit	310	296	-	-
- others	13	5	-	-
Interest expense on lease liabilities	6	4	6	-
Lease expenses:				
- low value asset	182	-	-	-
- short term lease	3,377	162	-	162
Loss/(Gain) on disposal of property, plant and equipment	10,809	(136)	-	-
Property, plant and equipment written off	1	-	1	-
Staff costs:				
- short-term employee benefits	15,800	5,674	601	366
- defined contribution benefits	537	218	85	511
Gain on disposal of right-of-use assets	-	(1,553)	-	-
Gain on winding up of subsidiaries	-	(46)	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

26. LOSS BEFORE TAXATION (cont'd)

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging/ (crediting) (cont'd):-				
Total interest income on financial assets measured at amortised cost	(312)	(61)	(158)	-
Rental income	(22)	(64)	-	-
Reversal of accrued interest	-	(3,809)	-	-
Reversal of expected credit losses:				
- other receivables	(107)	-	-	-
- trade receivables	-	(2)	-	-

27. INCOME TAX EXPENSE

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense	3,412	599	-	-
Underprovision in the previous financial year	76	361	-	42
	3,488	960	-	42
Deferred tax:				
Overprovision in the previous financial year	-	(5,691)	-	-
	3,488	(4,731)	-	42

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

27. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows: -

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss before taxation	(7,727)	(9,991)	(2,626)	(3,072)
Tax at the statutory tax rate of 24% (2021 - 24%)	(1,854)	(2,398)	(630)	(737)
Tax effects of: -				
Non-taxable income	(6)	(2,253)	-	-
Non-deductible expenses	5,479	5,250	-	737
Deferred tax assets not recognised during the financial year	630	-	630	-
Utilisation of deferred tax assets previously not recognised	(837)	-	-	-
Underprovision of current tax in the previous financial year	76	361	-	42
Overprovision of deferred taxation in the previous financial year	-	(5,691)	-	-
	3,488	(4,731)	-	42

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable loss for the financial year.

28. LOSS PER SHARE

	The Group	
	2022	2021
Loss after taxation attributable to owners of the Company (RM'000)	(11,215)	(5,260)
Weighted average number of ordinary shares in issue ('000)	469,798	403,165
Basic loss per share (Sen)	(2.39)	(1.30)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

28. LOSS PER SHARE (cont'd)

	The Group	
	2022	2021
Loss after taxation attributable to owners of the Company (RM'000)	(11,215)	(5,260)
Weighted average number of ordinary shares for basic earnings per share ('000)	469,798	403,165
Weighted average number of new ordinary shares, assumption on conversion of the remaining:-		
- Redeemable Convertible Preferences Shares	233,000	-
Weighted average number of ordinary shares at 31 December	702,798	403,165
Diluted loss per share (Sen)	(1.60)	(1.30)

29. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows: -

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	286	195	286	195
- salaries, bonus and other benefits	209	30	209	30
	495	225	495	225
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- fees	5	-	-	-
- salaries, bonus and other benefits	185	-	-	-
	190	-	-	-
Total directors' remuneration	685	225	495	225

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

29. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
(b) Other key management personnel				
Short-term employee benefits:				
- fees	5	-	-	-
- salaries, bonus and other benefits	650	336	458	336
Defined contribution benefits	-	7	-	7
	655	343	458	343

30. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group	
	2022	2021
	RM'000	RM'000
Transactions with companies related to major shareholder:		
- Secretarial fee	-	26
- Rental of premises	17	162
- Rental of workshop/depot	60	59
- Purchase of tyres	141	160
- Bus insurance services	-	4
- Management fees	33	-
- Office renovation	309	-
- Repair and maintenance of buses	1,111	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

31. OPERATING SEGMENTS

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

The Group is organised into 3 main reportable segments as follows: -

- Public transportation services - provision of stage and express bus services across Peninsular Malaysia. This segment includes revenue from the rental and charter of buses to third parties.
 - Construction contracts - construction projects.
 - Others - investment holding.
- (a) Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.
- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

31. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS

	Public Transportation Services RM'000	Construction Contracts RM'000	All Other Segment RM'000	Consolidation Adjustments RM'000	The Group RM'000
2022					
Revenue					
External revenue/Total revenue	41,105	54,964	-	-	96,069
Results					
Segment profit/(loss)	4,200	14,140	(2,752)	-	15,588
Interest income	93	61	158	-	312
Depreciation of property, plant and equipment	(9,440)	-	(4)	-	(9,444)
Depreciation of right-of-use assets	-	(1)	(21)	-	(22)
Impairment loss on amount owing by related parties	(362)	-	-	-	(362)
Impairment of property, plant and equipment	(2,726)	-	-	-	(2,726)
Fair value changes in unquoted investment	(4)	-	-	-	(4)
Loss on disposal of property, plant and equipment	(10,809)	-	-	-	(10,809)
Property, plant and equipment t written off	-	-	(1)	-	(1)
Reversal of impairment loss on receivables	107	-	-	-	107
Interest expenses	(360)	-	(6)	-	(366)
(Loss)/Profit before taxation	(19,301)	14,200	(2,626)	-	(7,727)
Assets					
Segment assets	114,017	30,812	15,295	(82,316)	77,808
Unallocated asset:					
- current tax assets					93
Consolidated total assets					77,901
<u>Additions to non-current assets other than financial instruments</u>					
Property, plant and equipment	57	117	321	-	495

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

31. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

	Public Transportation Services RM'000	Construction Contracts RM'000	All Other Segment RM'000	Consolidation Adjustments RM'000	The Group RM'000
2022					
Liabilities					
Segment liabilities	333,431	16,525	29,403	(257,570)	121,789
Unallocated liabilities:-					
- deferred tax liabilities					4,461
- current tax liabilities					998
Consolidated total liabilities					127,248
2021					
Revenue					
External revenue	18,513	8,251	450	(109)	27,105
Inter-segment revenue	(109)	-	-	109	-
Total revenue	18,404	8,251	450	-	27,105
Results					
Segment profit/(loss)	7,568	2,486	(19)	-	10,035
Depreciation of property, plant and equipment	(13,255)	-	(22)	-	(13,277)
Impairment of property, plant and equipment	(4,462)	-	-	-	(4,462)
Interest expenses	(2,287)	-	-	-	(2,287)
Profit/(Loss) before taxation	(12,436)	2,486	(41)	-	(9,991)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

31. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

	Public Transportation Services RM'000	Construction Contracts RM'000	All Other Segment RM'000	Consolidation Adjustments RM'000	The Group RM'000
2021					
Assets					
Segment assets	46,890	9,776	25,763	-	82,429
Unallocated asset:					
- current tax assets					89
Consolidated total assets					82,518
<u>Additions to non-current assets other than financial instruments</u>					
Property, plant and equipment	10	-	-	-	10
Liabilities					
Segment liabilities	67,415	6,540	41,393	-	115,348
Unallocated liabilities:-					
- deferred tax liabilities					4,461
- current tax liabilities					837
Consolidated total liabilities					120,646

BUSINESS SEGMENT AND GEOGRAPHICAL INFORMATION

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

32. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

32.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

32. FINANCIAL INSTRUMENTS (cont'd)

32.1 Financial risk management policies (cont'd)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their interest-bearing borrowings.

The Group's policy is to manage interest cost by committing into fixed rate borrowings to mitigate the potential fluctuation in borrowing costs and review these debt portfolio on a periodic basis.

The information on maturity dates and effective rates of financial assets and liabilities are disclosed in the respective notes.

Interest Rate Risk Sensitivity Analysis

	(Decrease)/Increase in loss after tax	
	2022	2021
	RM'000	RM'000
Borrowings		
- 50 basis points higher	(35)	(35)
- 50 basis points lower	35	35

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group minimises credit risk by dealing exclusively with high credit rating financial institutions.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group's revenue from passengers are predominantly on cash basis. For trade on credit terms, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 4 customers which constituted approximately 88% of its trade receivables (including related parties) at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

32. FINANCIAL INSTRUMENTS (cont'd)

32.1 Financial risk management policies (cont'd)

(b) Credit Risk (cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of expected credit losses

Trade Receivables and Contract Assets

Allowance for expected credit losses

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group			
2022			
Current (not past due)	22,830	-	22,830
1 to 30 days past due	4,028	-	4,028
31 to 60 days past due	189	-	189
61 to 365 days past due	717	-	717
Credit impaired	8,719	(7,977)	742
Trade receivables	36,483	(7,977)	28,506
Contract assets	705	-	705
	37,188	(7,977)	29,211
2021			
Current (not past due)	4,879	-	4,879
1 to 30 days past due	2,714	-	2,714
31 to 60 days past due	1,685	-	1,685
61 to 365 days past due	1,558	-	1,558
Credit impaired	8,761	(7,977)	784
Trade receivables	19,597	(7,977)	11,620
Contract assets	3,443	-	3,443
	23,040	(7,977)	15,063

The movement in the loss allowances in respect of trade receivables is disclosed in Note 11 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

32. FINANCIAL INSTRUMENTS (cont'd)

32.1 Financial risk management policies (cont'd)

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's financial liabilities comprise of trade payables and other payables which are due within one year or payable on demand and term loans/hire purchase liabilities which have fixed terms of repayment.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	1 Within Year RM'000	1 - 5 Years RM'000
The Group					
2022					
<u>Non-derivative</u> <u>Financial Liabilities</u>					
Lease liabilities	5.00	281	319	61	258
Trade payables	-	20,520	20,520	18,909	1,611
Other payables and accruals	-	92,309	92,309	78,194	14,115
Short term borrowing	4.09 - 5.22	7,000	7,000	7,000	-
		120,110	120,148	104,164	15,984
2021					
<u>Non-derivative</u> <u>Financial Liabilities</u>					
Trade payables	-	15,882	15,882	15,882	-
Other payables and accruals	-	90,432	90,432	32,179	58,253
Short term borrowing	5.51 - 5.87	7,000	7,000	7,000	-
		113,314	113,314	55,061	58,253

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

32. FINANCIAL INSTRUMENTS (cont'd)

32.1 Financial risk management policies (cont'd)

(c) Liquidity Risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations: (cont'd)

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	1 Within Year RM'000	1 - 5 Years RM'000
The Company					
2022					
<u>Non-derivative Financial Liabilities</u>					
Lease liability	5.00	243	277	50	227
Other payables and accruals	-	29,160	29,160	29,160	-
		29,403	29,437	29,210	227
2021					
<u>Non-derivative Financial Liabilities</u>					
Amount owing to a subsidiary	-	305	305	305	-
Other payables and accruals	-	30,434	30,434	2,027	28,407
		30,739	30,739	2,332	28,407

32.2 Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholder. The Group's approach in managing capital is based on defined guidelines that are approved by the Board.

The Group manages its capital based on debt-to-equity ratio. As the Group has insignificant external borrowings, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

32.3 Fair value information

The fair value of financial instruments is the amount at which the instrument could be exchanged for or settled between knowledgeable parties at an arm's length transaction, other than a forced or liquidation sale.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

32. FINANCIAL INSTRUMENTS (cont'd)

32.3 Fair value information (cont'd)

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables. For other investments, fair value is determined directly by reference to their published market bid price at the reporting date.

The carrying value of the financial assets and liabilities are reasonable approximation of fair values either due to their short-term nature except as follows:

	Carrying Amount RM'000	Fair Value RM'000
The Group		
2022		
Lease liabilities	281	319

The fair values have been determined by discounting the relevant cash flows using the effective interest rates as at 31 December 2022.

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Level 1 RM'000
The Group	
2022	
Fair value through other comprehensive income	69
2021	
Fair value through other comprehensive income	73

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

The Group does not have any financial liabilities carried at fair value measured as Level 1, Level 2 and Level 3 as at 31 December 2022.

33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

33.1 Material litigation

On 15 August 2017, KTB and its subsidiaries writ of summons and Statement of Claim and an Injunction Application to Tan Chong Industrial Equipment Sdn. Bhd. ("TCIESB") for an alleged unjust enrichment based on a Settlement Agreement entered into by all parties on 4th July 2016.

The High Court on the 4th January 2018 had allowed the Defendant's application to strike out the Plaintiffs' claim and pursuant thereto, the Plaintiffs' had filed their Notice of Appeal in respect of the said decision of the High Court on the 9th January 2018. The hearing of the said appeal has been fixed by the Court of Appeal on 15th November 2018.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (cont'd)

33.1 Material litigation (cont'd)

The Court of Appeal on 15th November 2018 had allowed the Plaintiff's appeal and directed for the case management of the Plaintiff's application to be heard by the High Court on 27th November 2018. The High Court has set the dates of the trial from 10th September 2020 until 13th September 2020.

The Defendant has also filed their notice of Motion for leave to Federal Court on 30th November 2018 to appeal against the decision of the Court of Appeal and the said appeal is fixed to be heard on 23rd July 2020.

On 23rd July 2020, the hearing was postponed for the Defendant to obtain the grounds of decision from the Court of Appeal. The matter was fixed for case management at the Federal Court on 12th November 2020, The Plaintiff also filed an application for discovery of the valuation reports and related documents at the High Court and the High Court granted the order for discovery on 11th July 2020. The Defendant also filed an application for stay of proceedings at the High Court pending the leave to appeal to the Federal Court and appeal against the discovery at the Court of Appeal. The High Court granted the stay of proceeding on 5th September 2020. The trial date on 10th September 2020 was vacated due to the stay of proceeding. The matter was then fixed for case management on 28th April 2021 pending the appeals to the Court of Appeal and leave to appeal to the Federal Court to be heard. The High Court has yet to update on the new case management date as at 28th April 2021, it was during the movement control order period.

The High Court on 15th July 2021 had allowed the claims of the Plaintiffs against the Defendant and the following judgements were made pursuant thereto:-

- 1) the value of MHSB Properties Sdn. Bhd.'s property ("Seventh Plaintiff") is RM55,600,000 and therefore there was an unjust enrichment of RM22,679,424.94 gained by the Defendant which is to be paid by the Defendant to the Seventh Plaintiff;
- 2) that the Defendant is to return to the Plaintiffs the sum of RM877,000 being the compensation paid by the Government of Malaysia to the Defendant for compulsory acquisition of part of the said property;
- 3) that the Defendant is to return back to the Plaintiff the repossessed buses; and
- 4) an interest of 5% per annum on the sum of RM22,679,424.94 from the date of judgement (15 July 2021) until full and final settlement to be paid by the Defendant.

The Defendant had filed an appeal to the Court of Appeal and filed an application for stay of execution of the said Judgment at the high Court, which was allowed on 23 September 2021. The case fixed for hearing of the Appeal on 23 March 2023.

However, on 9th March 2023, the case had been postponed by the Court for the hearing at the Court of Appeal on 13th July 2023.

33.2 Letter of award

On 24 March 2023, the Group announced in Bursa that Transnasional Builder Sdn. Bhd. ("TBSB"), a wholly-owned subsidiary of the Group has received a letter of award ("Letter of Award") on 24 March 2023 from Aman Wijaya Sdn. Bhd. ("AWSB") to provide labour and materials for the earthwork, piling, building, internal and major infrastructure works of a Perumahan Rakyat 1 Malaysia (PR1MA) Pahang projects comprising housing and mixed developments on an approximately 100.7 acres government land at Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

cont'd

34. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

<u>Group</u>	As Previously Reported RM'000	Adjustments RM'000	As Restated RM'000
Consolidated Statement of Financial Position (Extract): -			
Contract cost assets	-	323	323
Contract assets	-	3,443	3,443
Trade receivables	15,386	(3,766)	11,620
Fixed deposits with licensed banks	-	3,904	3,904
Cash and bank balances	17,041	(3,904)	13,137
Amount due to related companies	(58,253)	58,253	-
Other payables and accruals	(32,179)	(58,253)	(90,432)
Consolidated Statement of Comprehensive Income and Other Comprehensive Income (Extract): -			
Administrative expenses	-	(4,478)	(4,478)
Other expenses	-	(7,430)	(7,430)
Other operating expenses	(11,908)	11,908	-
Company			
Statement of Cash Flows (Extract):-			
Cash Flows for Investing Activities	-	(749)	(749)
Cash flow from/(for) Financing Activities	29,251	749	30,000
Statement of Financial Position (Extract):-			
Amount due from related companies	8,389	(8,389)	-
Amount owing by subsidiaries	-	8,109	8,109
Amount due to related companies	(28,712)	28,712	-
Amount owing to a subsidiary	-	(305)	(305)
Other payables and accruals	(2,307)	(28,127)	(30,434)
Statement of Comprehensive Income and Other Comprehensive Income (Extract): -			
Administrative expenses	-	(3,089)	(3,089)
Other expenses	-	(9)	(9)
Other operating expenses	(3,098)	3,098	-

LIST OF PROPERTIES

NO	LOCATION	DESCRIPTION/ EXISTING USE	AGE OF PROPERTIES	LAND AREA (LA) / BUILT UP AREA (BU) (APPROXIMATE SQ. METERS)	TENURE	DATE OF ACQUISITION	AUDITED NBV AS AT 31.12.2022 (RM000)
1	Lot No 2729, 2730 No 354, Jalan Ria, 34200 Parit Buntar, Perak	Bus workshop cum depot	29	LA: 323, BU: 330	Freehold	27.10.2006	-
2	Lot 9613, Jalan Tronoh, Kg Pancho, Bota Kanan, Perak	Bus workshop cum depot	27	LA: 11,509, BU: 305	Freehold	20.10.2006	-
3	G73, The Pine Resort Condominium, 49000 Bukit Fraser, Perak	Holiday apartment	28	BU: 129	99 years (expiring on 23.05.2082)	22.09.2006	-
4	Lot 1802, No 46, Ruby Garden, 27000 Jerantut, Pahang	A single-storey terrace house	25	LA: 207, BU: 102	Freehold	19.09.2006	-
5	Jalan Raja Perempuan Zainab II, 16 150 Kota Bahru, Kelantan	Office and bus depot	17	LA: 38,178, BU: 5,708	Freehold	01.01.1982	1,041
6	Lot 873, No 2823-A, Jalan Pendek, 15000 Kota Bahru, Kelantan	Bus station	35	LA: 1,248, BU: 618	99 years (expiring on 31.10.2050)	01.01.1982	-
7	Lot 177, Stesyen Bas S.K.M.K, 16200 Tumpat, Kelantan	Bus station	36	LA: 1,770, BU: 574	99 years (expiring on 31.10.2071)	01.01.2003	-
8	Lot 412, 159A, Jalan Limbongan, 16800 Pasir Puteh, Kelantan	Vacant	27	LA: 457	Freehold	01.01.1952	-
9	Lot 548, Stesyen Bas SKMK Machang, 18500 Machang, Kelantan	Bus station	37	LA: 1,485, BU: 748	99 years (expiring on 14.05.2059)	01.01.1982	-
10	Stesen Bas Bandar Machang, Jalan Bahagia, Pekan Machang, 18500 Machang, Kelantan	Bus station	35	LA: 2,736, BU: 148	99 years (expiring on 14.05.2080)	01.01.1985	-
11	Lot 2394, Jalan Ah Seng, 18000 Kuala Krai, Kelantan	Bus station and depot	33	LA: 3,011, BU: 421	33 years (expired on 27.07.2017) * submission for renewal has been made and the premium has been paid in 2018. Current status - renewal cleared at district level, pending approval at state level.	01.01.1987	-

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2023

Total number of issued shares : 469,797,348 ordinary shares
 Class of equity securities : Ordinary Shares ("Shares")
 Voting rights by poll : One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	379	9.20	14,900	0.00
100 - 1,000 shares	1,077	26.13	681,113	0.15
1,001 - 10,000 shares	1,334	32.37	5,580,811	1.19
10,001 - 100,000 shares	879	21.33	37,346,575	7.95
100,001 – less than 5% of issued shares	450	10.92	321,567,049	68.45
5% and above of issued shares	2	0.05	104,606,900	22.27
Total	4,121	100.00	469,797,348	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Lengkap Suci Sdn Bhd	37,607,347	8.01	-	-
Doh Properties Sdn Bhd	67,000,000	14.26	-	-
Dato' Doh Tee Leong	10,212,700	2.17	67,000,000 ^(a)	14.26

Notes:

(a) Deemed interested by virtue of his interest in Doh Properties Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("CA 2016").

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Sulaiman Bin Daud	850,000	0.18	-	-
Dato' Doh Tee Leong	10,212,700	2.17	67,000,000 ^(a)	14.26

Notes:

(a) Deemed interested by virtue of his interest in Doh Properties Sdn. Bhd. pursuant to Section 8 of the CA 2016.

ANALYSIS OF SHAREHOLDINGS

as at 31 march 2023

cont'd

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares held	%
1.	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account – AmBank (M) Berhad for Doh Properties Sdn. Bhd.</i>	67,000,000	14.26
2.	Lengkap Suci Sdn. Bhd.	37,606,900	8.01
3.	Yee Wooi Tiong	13,990,300	2.98
4.	Euro Multimedia Sdn. Bhd.	10,336,500	2.20
5.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Doh Tee Leong (E-TAI/STW)</i>	10,212,700	2.17
6.	Marco Chin Wen Joon	9,626,800	2.05
7.	Wong Sze Chien	8,033,900	1.71
8.	Mohd Afizan Bin Mohd Ariff	7,367,100	1.57
9.	Tan Lei Wan	7,366,000	1.57
10.	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Thun Yen Song</i>	6,988,100	1.49
11.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Jin Thai (SS2 PJ-CL)</i>	5,100,000	1.09
12.	Yee Goh Tiong	4,042,700	0.86
13.	Mohd Nadzmi Bin Mohd Salleh	3,800,000	0.81
14.	Public Invest Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for Phillip Securities Pte Ltd (Clients)</i>	3,550,000	0.76
15.	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mohd Nadzmi Bin Mohd Salleh</i>	3,506,000	0.75
16.	Lim Chong Heng	3,380,000	0.72
17.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ong Tong Pheng @ Eng Ah Toon (E-SPI)</i>	3,318,700	0.71
18.	Zamri Bin Mohamad	3,260,400	0.69
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Ng Kooi Lam	3,040,000	0.65
20.	Shirazuddin Bin Badruddin	3,000,000	0.64
21.	Datuk Abdul Azeez Bin Abdul Rahim	2,940,100	0.63
22.	Ng Kwee Kuan	2,760,000	0.59
23.	Ng Kheng Yeow	2,500,000	0.53
24.	Foo Wen Pok	2,456,000	0.52
25.	Wong Sze Ming	2,409,500	0.51
26.	Foo Wen Pok	2,393,000	0.51
27.	Song Chee Seng	2,100,000	0.45
28.	Peter Chiau Chee Kai	2,000,000	0.43
29.	Daniel Ong Beng Chong	1,975,000	0.42
30.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn. Bhd. for Bryan Ng Kam Weng</i>	1,972,600	0.42

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting (“19th AGM” or “Meeting”) of KONSORTIUM TRANSNASIONAL BERHAD (“KTB” or “the Company”) will be held at Ballroom 2, Lower Ground, Eastin Hotel Kuala Lumpur, 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 30 May 2023 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS :

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the reports of the Directors and Auditors thereon. | PLEASE REFER TO EXPLANATORY NOTE 1 |
| 2. | To approve the payment of Directors’ fees and/or benefits of up to RM360,000.00 for the period commencing from the date immediately after this 19th AGM until the next Annual General Meeting (“AGM”) of the Company. | ORDINARY RESOLUTION 1 |
| 3. | To note the retirement of Datuk Sulaiman Bin Daud as Director of the Company pursuant to Clause 89 of the Company’s Constitution at the conclusion of the 19th AGM. | PLEASE REFER TO EXPLANATORY NOTE 3 |
| 4. | To re-elect Mr. Koong Wai Seng who shall retire as Director pursuant to Clause 95 of the Company’s Constitution. | ORDINARY RESOLUTION 2 |
| 5. | To note the retirement of Al Jafree Salihin Kuzaimi PLT as Auditors of the Company at the conclusion of the 19th AGM. | PLEASE REFER TO EXPLANATORY NOTE 5 |

AS SPECIAL BUSINESS :

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

- | | | |
|----|---|------------------------------|
| 6. | GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”) | ORDINARY RESOLUTION 3 |
|----|---|------------------------------|

“THAT subject always to the Constitution of the Company, the Act, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“Shares”) to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time (“Mandate”) AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT the Mandate shall continue in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

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

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")** **ORDINARY RESOLUTION 4**

"THAT, authority be and is hereby given in line with Paragraph 10.09 of the Listing Requirements of Bursa Securities, for the Company and/or its subsidiaries ("Group") to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.3(i) of the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders' Mandate dated 28 April 2023 which are necessary for the day-to-day operations of the Group within the ordinary course of business of the Group, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Existing Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders' Mandate in the best interest of the Company."

NOTICE OF ANNUAL GENERAL MEETING

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8. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' MANDATE")** **ORDINARY RESOLUTION 5**

"THAT authority be and is hereby given in line with Paragraph 10.09 of the Listing Requirements of Bursa Securities, for the Group to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.3(ii) of the Circular to Shareholders dated 28 April 2023 in relation to the Proposed New Shareholders' Mandate which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed New Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed New Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed New Shareholders' Mandate in the best interest of the Company."

9. **PROPOSED SHARE BUY-BACK OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED SHARE BUY-BACK AUTHORITY")** **ORDINARY RESOLUTION 6**

"THAT subject to the provisions of the Act, the provisions of the Constitution of the Company, the Listing Requirements of Bursa Securities and all prevailing laws, rules, regulations, orders, guidelines and requirements for the time being in force, approval and authority be and are hereby given to the Directors of the Company, to the extent permitted by law, to purchase such number of ordinary shares of the Company ("KTB Shares") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the best interest of the Company, provided that:

NOTICE OF ANNUAL GENERAL MEETING

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- (i) the maximum aggregate number of KTB Shares, which may be purchased by the Company, shall not exceed 10% of the total number of issued shares in the Company at any point in time subject to compliance with the provisions of the Act, the Listing Requirements of Bursa Securities and/or any other relevant authorities;
- (ii) the maximum amount of funds to be allocated for the Proposed Share Buy-Back Authority shall not exceed the aggregate of the retained profits of the Company; and
- (iii) the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until:
 - (a) the conclusion of the next AGM of KTB following the general meeting at which the ordinary resolution for the Proposed Share Buy-Back Authority is passed, at which time shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
 - (b) the expiration of the period within the next AGM is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the KTB Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities.

THAT the Directors of the Company, be and are hereby authorised to deal with the KTB Shares purchased under the Proposed Share Buy-Back Authority, at their discretion, in the following manner:

- (i) cancel the purchased KTB Shares; or
- (ii) retain the purchased KTB Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or resell in accordance with the relevant rules of Bursa Securities and/or transfer under an employees' share scheme and/or transfer as purchase consideration; or
- (iii) retain part of the purchased KTB Shares as treasury shares and cancel the remainder.

AND THAT the Directors of the Company, be and are hereby authorised and empowered to do all acts and things and to take all such steps as necessary or expedient (including opening and maintaining a Central Depository System account) and to enter into and execute, on behalf of the Company, any instrument, agreement and/or arrangement with any person, and with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by Bursa Securities or any relevant regulatory authority, and/or as may be required in the best interest of the Company and to take all such steps as they may deem fit, necessary and expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Share Buy-Back Authority."

NOTICE OF ANNUAL GENERAL MEETING

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10. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY SPECIAL RESOLUTION

“THAT the proposed amendments to the Constitution of the Company as set out in “Appendix A”, be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company.”

11. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC No.: 201908001272)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
28 April 2023

Notes:

- a) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same right as the member to speak and vote at the Meeting.
- c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney duly authorised.
- d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- f) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 65 of the Company’s Constitution to issue a General Meeting Record of Depositors as at 23 May 2023. Only members whose names appear in the General Meeting Record of Depositors as at 23 May 2023 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

- g) To be valid, the instrument appointing 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 for holding the Meeting: -

(i) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrars, Boardroom Share Registrars Sdn. Bhd. at **Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.**

(ii) By Electronic Form

The Proxy Form can be electronically lodged via the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Notes on the procedures for electronic lodgement of Proxy Form via the Boardroom Smart Investor Portal to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar situated at **Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** not less than forty-eight (48) hours before the time for holding the Meeting.

- h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.
- i) The members are advised to refer to the Administrative Notes for the 19th AGM on the registration process for the Meeting. The Administrative Notes had taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimize any risk to the Meeting. Kindly check Bursa Securities' and the Company's website at <https://www.ktb.com.my/> for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2022

The Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of members for the Audited Financial Statements. Hence, Agenda No. 1 will not be put forward for voting.

2. Item 2 of the Agenda – Directors' Fees and/or Benefits

Pursuant to Section 230(1) of the Act, the Directors' fees and/or any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and benefits for the period from the date immediately after this 19th AGM until the next AGM of the Company. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. Item 3 of the Agenda – Retirement of Director

After serving on the Board since 27 September 2005, Datuk Sulaiman Bin Daud has decided to retire pursuant to Clause 89 of the Company's Constitution. He has expressed his intention not to seek re-election at the 19th AGM and will retire as Director of the Company at the conclusion of the 19th AGM. The Board would like to take this opportunity to express its sincere gratitude to Datuk Sulaiman Bin Daud for his long and valuable service to the Company. His dedication and commitment to the Company will be greatly missed, and the Board wishes him all the best in his future endeavors.

NOTICE OF ANNUAL GENERAL MEETING

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4. Item 4 of the Agenda – Re-election of Director

Clause 95 of the Company's Constitution provides that any Director appointed either to fill a casual vacancy or as an additional Director shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

In this connection, Mr. Koong Wai Seng ("Mr.Koong") who was appointed on 1 December 2022 will retire pursuant to Clause 95 of the Company's Constitution. Mr. Koong, being eligible, has offered himself for re-election at the 19th AGM.

The Board has endorsed the Remuneration and Nomination Committee's recommendation to seek shareholders' approval to re-elect Mr. Koong as he possesses the required skill sets to facilitate and contribute to the Board's effectiveness and value.

Mr. Koong had abstained from all deliberations and decisions on his own eligibility to stand for re-election at the Board meeting.

The details and profiles of Mr. Koong is provided in the Board of Directors' Profile on Page 8 of the Company's Annual Report 2022.

5. Item 5 of the Agenda – Retirement of Auditors

Al Jafree Salihin Kuzaimi PLT has recently informed the Company of their decision to not seek re-appointment as Auditors of the Company at the 19th AGM. In view of this, the Company will be appointing a new and reputable audit firm as its auditors. The Company will provide an update on the appointment of the new auditors via an announcement on the website of Bursa Securities in due course.

6. Item 6 of the Agenda – General Authority for the Directors to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Company had at its Eighteenth AGM held on 21 June 2022 ("18th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate will expire at the conclusion of this AGM.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the 20% General Mandate granted to the Directors at the 18th AGM which will lapse at the conclusion of this AGM.

The Ordinary Resolution 3 proposed under item 6 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve such an issue of shares. This authority, unless revoked or varied by the Company at a general meeting, will 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 earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 3, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company pursuant to Sections 75 and 76 of the Act.

NOTICE OF ANNUAL GENERAL MEETING

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7. Items 7 and 8 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate

The Ordinary Resolutions 4 and 5 proposed under items 7 and 8 of the Agenda, if passed, will give the mandate to the Group to enter into recurrent related party transactions of a revenue and/ or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Securities. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 28 April 2023 for further details.

8. Item 9 of the Agenda – Proposed Share Buy-Back Authority

The Ordinary Resolution 6 proposed under item 9 of the Agenda is to seek the shareholders' mandate on the authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company. This Ordinary Resolution, if passed, will empower the Directors of the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company through Bursa Securities at any time within the time stipulated.

Please refer to Share Buy-Back Statement dated 28 April 2023 for further details of the Proposed Share Buy-Back Authority.

9. Item 10 of the Agenda – Proposed Amendments to the Constitution of the Company ("Proposed Amendments")

The Proposed Amendments are mainly to streamline the Constitution with the relevant regulatory requirements as well as to enhance administrative efficiency.

The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF KONSORTIUM TRANSNASIONAL BERHAD (“THE COMPANY”)

This is the Appendix A referred to in item 10 of the Agenda of the Notice of Nineteenth Annual General Meeting of the Company dated 28 April 2023.

Clause No.	Existing Clause	Proposed Clause
56 <i>Offer of new Shares</i>	<p>Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or Securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.</p>	<p>Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or Securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.</p>

APPENDIX A

cont'd

		<p>For the avoidance of doubt, where the approval of Members is obtained in a general meeting for any issuance of shares or convertible securities, including approvals obtained for implementation of a scheme that involves a new issuance of shares or other convertible securities to employees of the Company and its subsidiaries and approval obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable.</p> <p>In any case and in respect of any issuance of shares or convertible securities, the pre-emptive rights of Members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of pre-emptive rights to new shares, shall not apply and the Company is not required to offer new shares or convertible Securities in proportion to the shareholdings of the existing Members.</p>
<p>129A</p> <p><i>Validity of Electronic / Digital Signature</i></p>	<p>New provision</p>	<p>For the avoidance of doubt, any document or instrument transmitted by any technology purporting to include a signature and/or electronic or digital signature of any of the following persons:</p> <ul style="list-style-type: none"> (a) a holder of Shares; (b) a Director (including Alternate Director); (c) a committee member; (d) in the case of a corporation, which is a holder of shares, its director or secretary or a duly appointed attorney or duly authorised representative, <p>shall in the absence of express evidence to the contrary available to the person relying on such document or instrument at the relevant time, be deemed to be a document or instrument signed by such person in the terms in which it is received.</p>



KONSORTIUM TRANSNASIONAL BERHAD
Registration No. 200301015160 (617580-T)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	No. of Shares Held

I/We * _____ NRIC/Passport/Registration No.* _____
(Full name in block)

of _____
(Full Address)

with email address _____ mobile phone no. _____

being a member/members* of **KONSORTIUM TRANSNASIONAL BERHAD** (“the Company”) hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and/or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Nineteenth Annual General Meeting (“19th AGM” or “Meeting”) of the Company to be held at Ballroom 2, Lower Ground, Eastin Hotel Kuala Lumpur, 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 30 May 2023 at 10:00 a.m. or at any adjournment thereof.

Please indicate with an “X” in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the proxy will vote or abstain from voting at his/her* discretion

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors’ fees and/or benefits of up to RM360,000 for the period commencing from the date immediately after this 19th AGM until the next Annual General Meeting of the Company.		
2.	To re-elect Mr. Koong Wai Seng as a Director of the Company.		
3.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
4.	To approve the Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
5.	To approve the Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		
6.	To approve the Proposed Share Buy-Back Authority.		
No.	Special Resolution	For	Against
1.	To approve the proposed amendments to the Constitution of the Company.		

* delete whichever is not applicable

Dated this _____ day of _____ 2023

Signature of Member(s)/Common Seal

Fold this flap for sealing

Notes:

- a) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same right as the member to speak and vote at the Meeting.
- c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney duly authorised.
- d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- f) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 65 of the Company's Constitution to issue a General Meeting Record of Depositors as at 23 May 2023. Only members whose names appear in the General Meeting Record of Depositors as at 23 May 2023 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- g) To be valid, the instrument appointing 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 for holding the Meeting: -
- (i) In hard copy form
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrars, Boardroom Share Registrars Sdn. Bhd. at **Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.**
- (ii) By Electronic Form
The Proxy Form can be electronically lodged via the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Notes on the procedures for electronic lodgement of Proxy Form via the Boardroom Smart Investor Portal be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar situated at **Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** not less than forty-eight (48) hours before the time for holding the Meeting.
- h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.
- i) The members are advised to refer to the Administrative Notes for the 19th AGM on the registration process for the Meeting. The Administrative Notes had taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. The Company will closely monitor the situation and reserve the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the Meeting. Kindly check Bursa Securities' and the Company's website at <https://www.ktb.com.my/> for the latest updates on the status of the Meeting.

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AFFIX
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Company Share Registrars
BOARDROOM SHARE REGISTRARS SDN BHD 199601006647 (378993-D)
Ground Floor or 11th Floor,
Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan.

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www.ktb.com.my

KONSORTIUM TRANSNASIONAL BERHAD
(200301015160 (617580-T))

Unit 303, Block G,
Pusat Dagangan Phileo Damansara 1,
Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya,
Selangor Darul Ehsan.

Tel : +603-7932 3922