GEORGE KENT
SINCE 1936

GEORGE KENT (MALAYSIA) BERHAD

Registration No. 195101000005 (1945-X)

CONNECTING ENGINEERING AND METERING TO GLOBAL GROWTH

SINCE 1936

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

CORPORATE PROFILE

George Kent (Malaysia) Berhad was established in Penang in 1936 as the service branch of the then parent company, George Kent Limited, United Kingdom. The Company was incorporated in 1951 as George Kent (Malaya) Ltd and on 11 July 1969, it was converted to a public company under the name of George Kent (Malaysia) Berhad. In 1974, the Company listed its shares on the Kuala Lumpur Stock Exchange (KLSE) through an offer for sale of 20% equity by George Kent Limited and new issue of 20% shares to Malaysians.

George Kent is an established engineering company engaged in the water infrastructure, rail transportation and hospital construction industry. The Company's Engineering and Construction Division specialises in the turnkey construction of water infrastructure and hospital projects, systems work for rail transportation and operation and maintenance services for water treatment facilities. Over the years, the Company has delivered close to 30 major water infrastructure projects in Malaysia, giving it a strong track record and distinctive credentials in the engineering and construction sector.

George Kent's Metering Division specialises in the manufacturing and sale of metering products and solutions for residential, industrial and commercial customers. The Division operates one of the largest hot brass forging plants in South East Asia, producing internationally certified water meters for standard household and industrial applications. Its 17-acre integrated plant in Puchong, Selangor Darul Ehsan, Malaysia is accredited with ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System. The water meters produced are ISO Class 'C' rated, the preferred standard in Malaysia and many other countries worldwide.

The Company supplies water meters to water authorities in the various states of Malaysia and also exports to 42 countries worldwide including Singapore, Hong Kong, Thailand, Vietnam, Myanmar, Cambodia, Indonesia, the Philippines, Nepal, Papua New Guinea, Australia, India, Sri Lanka, Kenya, South Africa, South America and the United Kingdom. The Company also manufactures and supplies brass components, valves, waterworks fittings and flow control tools.

VISION STATEMENT

To become the most admired engineering company providing total solutions in the region and beyond:

- A manufacturer, supplier and distributor of water metering products;
- A total-capability provider of engineering design, procurement, construction and commissioning in the rail transportation sector;
- A specialist in turnkey construction of water infrastructure and hospital projects.

WHAT'S INSIDE

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Tan Kay Hock
(Chairman/Non-Independent Non-Executive Director)

Puan Sri Datin Tan Swee Bee
(Non-Independent Non-Executive Director)

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
(Non-Independent Non-Executive Director)

Dato' Ahmad Khairummuzammil Bin Mohd Yusoff
(Independent Non-Executive Director)

Teh Bee Tein
(Independent Non-Executive Director)

Ooi Chin Khoon
(Non-Independent Executive Director)

AUDIT & RISK MANAGEMENT COMMITTEE

Dato' Ahmad Khairummuzammil Bin Mohd Yusoff *(Chairman)*
Tan Sri Dato' Tan Kay Hock
Teh Bee Tein

REMUNERATION COMMITTEE

Tan Sri Dato' Tan Kay Hock *(Chairman)*
Puan Sri Datin Tan Swee Bee
Dato' Ahmad Khairummuzammil Bin Mohd Yusoff

NOMINATING COMMITTEE

Dato' Ahmad Khairummuzammil Bin Mohd Yusoff *(Chairman)*
Puan Sri Datin Tan Swee Bee
Teh Bee Tein

COMPANY SECRETARIES

Teh Yong Fah *(MACS 00400)*
SSM PC No.: 201908003410

Gan Lee Mei *(MAICSA 7057081)*
SSM PC No.: 201908003405

REGISTERED OFFICE

11th Floor, Wisma E&C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2092 1858
Fax : 603-2092 2812
E-mail: cosec@georgekent.net

PRINCIPAL PLACE OF BUSINESS

George Kent Technology Centre
1115, Blok A, Jalan Puchong
Taman Meranti Jaya
47120 Puchong
Selangor Darul Ehsan
Tel : 603-8064 8000
Fax : 603-8061 3295, 603-8061 9954
E-mail : mkt@georgekent.net
Website : www.georgekent.net

SHARE REGISTRAR

Johan Management Services Sdn. Bhd.
11th Floor, Wisma E&C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2092 1858
Fax : 603-2092 2812
E-mail : johanms1@outlook.com

AUDITORS

Grant Thornton Malaysia PLT
Chartered Accountants

GROUP PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market,
Bursa Malaysia Securities Berhad
Stock Name : GKENT
Stock Code : 3204
Sector : Construction

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

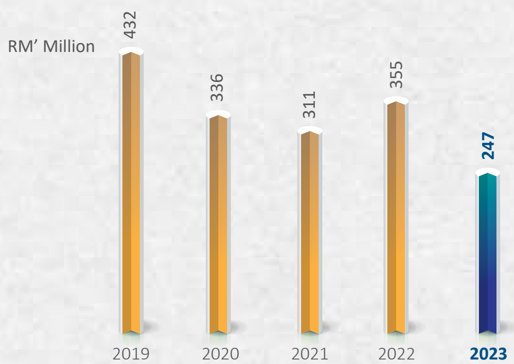
Financial Year/Period Ended (RM'000)		31 March 2023	31 March 2022	31 March 2021#	31 January 2020	31 January 2019
FINANCIAL PERFORMANCE						
Revenue		**247,040**	355,224	310,829	335,812	431,630
Profit before tax		**7,752**	44,064	59,313	56,664	127,834
Profit after tax		**715**	31,257	48,744	41,576	86,327
Profit attributable to shareholders		**715**	31,257	48,744	41,576	86,327
Dividends payout		**10,437**	13,057	18,351	13,440	38,075
FINANCIAL STATISTICS						
Total Cash and Cash Equivalents		**219,654**	257,484	314,212	182,384	205,805
Total Assets		**807,335**	869,772	848,492	748,781	797,119
Total Liabilities		**280,121**	331,692	323,974	254,770	311,488
Total Borrowings		**199,589**	203,902	219,942	65,838	60,128
Paid-up Share Capital		**187,756**	187,756	187,756	187,756	187,756
Owners'/Total Equity		**527,214**	538,080	524,518	494,011	485,631
Number of Issued Ordinary Shares *	'000	**521,959**	522,244	523,410	533,740	538,997
Share Price at Year/Period End	sen	**50**	62	79	87	108
FINANCIAL RATIOS						
Dividend per share	sen	**2.0**	2.5	3.5	2.5	7.0
Dividend yield	%	**4.0**	4.0	4.4	2.9	6.5
Dividend cover	times	**0.1**	2.4	2.7	3.1	2.3
Basic Earnings per share	sen	**0.1**	6.0	9.3	7.8	16.0
Price Earnings Ratio	times	**500.0**	10.3	8.5	11.2	6.8
Return on Owners' Equity	%	**0.1**	5.8	9.3	8.4	17.8
Return on Total Assets	%	**0.1**	3.6	5.7	5.6	10.8
Dividend Payout to Earnings Ratio	%	**> 100.0**	41.7	37.6	32.1	43.8
Current Ratio	times	**4.4**	3.6	3.4	2.2	1.9
Debt Ratio	times	**0.2**	0.2	0.3	0.1	0.1
Debt to Equity Ratio	times	**0.4**	0.4	0.4	0.1	0.1
Net Assets per share	sen	**101.0**	103.0	100.2	92.6	90.1

* *Number of issued ordinary shares is excluding the treasury shares held by the Company as at the end of each financial year/period*

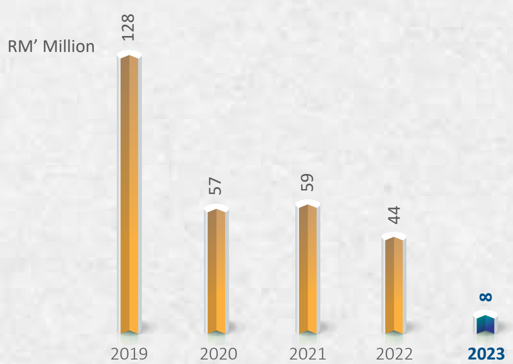
\# *denotes period for 14 months ended 31 March 2021*

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS
cont'd

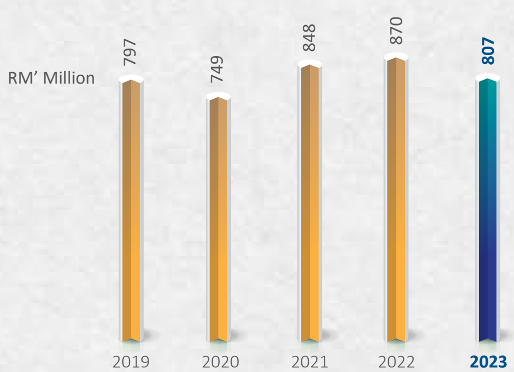
REVENUE/RM247 MILLION



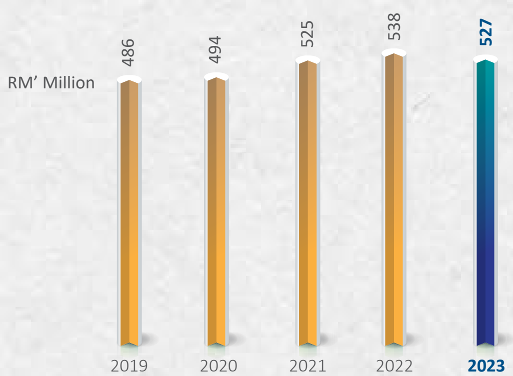
PROFIT BEFORE TAX/ RM8 MILLION



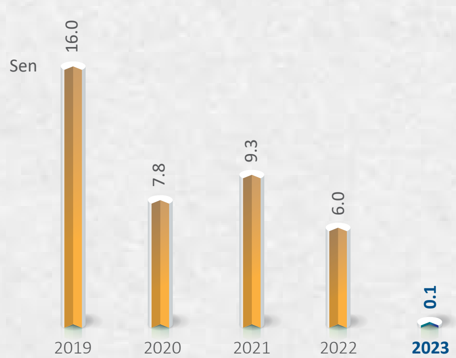
TOTAL ASSETS/ RM807 MILLION



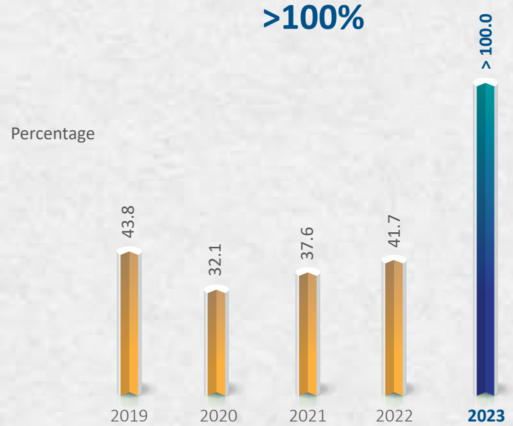
SHAREHOLDERS' EQUITY/ RM527 MILLION



EARNINGS PER SHARE*/ 0.1 SEN



DIVIDEND PAYOUT RATIO/ >100%



* *Earnings per share adjusted for treasury shares that were repurchased from the open market as at end of each financial year/period*

INVESTOR RELATIONS

During the year under review, the Group has maintained a dedicated investor relations website, where the Group provides timely, accurate and transparent information of our key strategic and financial performance to investors via multiple communication platforms including our official website. Information on the website includes the Group's annual report, quarterly results, financial highlights and other materials.

An email address is provided for anyone who wishes to submit queries or seek further clarification. All enquiries are responded to on a timely basis. These two-way stakeholder interactions help us garner a strong understanding of our stakeholders' interests and concerns, which in turn informs the Board and Management's decisions on our business and sustainability strategies.

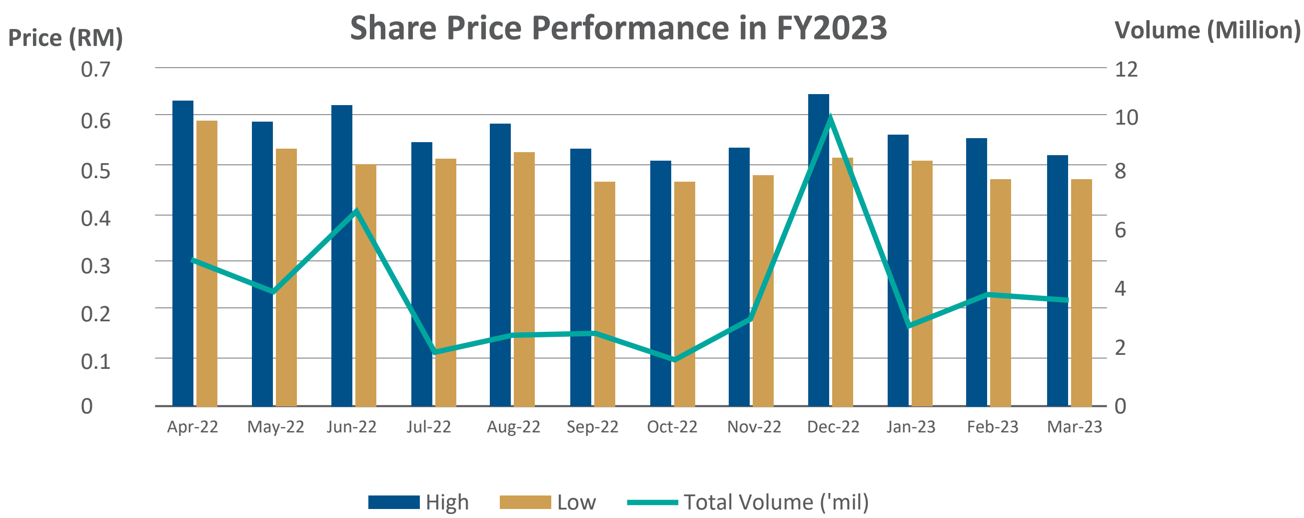
The Group has been committed to develop new opportunities in the metering and engineering business. The enlarged portfolio will accelerate the expansion of our global market footprint.

ANALYST MEETINGS	
27 June 2022	Meeting with Macquarie Group

The Group's 71st Annual General Meeting was held on a fully virtual basis on 22 September 2022 where it served as a platform to share updates as well as to address any concerns from our shareholders.

SHARE PRICE PERFORMANCE

- Share Price Performance for the period of 1 April 2022 to 31 March 2023:
  - o High (5 December 2022): RM0.640
  - o Low (28 September 2022): RM0.460
- Market Capitalisation (as at 31 March 2023): RM281.63 million*



Date	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
High	0.630	0.595	0.620	0.550	0.580	0.530	0.500	0.530	0.640	0.565	0.555	0.520
Low	0.590	0.530	0.505	0.515	0.525	0.460	0.470	0.475	0.515	0.510	0.470	0.470
Total Volume ('mil)	5.050	4.020	6.840	1.890	2.490	2.610	1.660	3.040	10.260	2.880	3.950	3.730

** Based on share price of RM0.50 and 563,269,065 outstanding shares.*

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of your Board of Directors, I am pleased to present the Annual Report of George Kent (Malaysia) Berhad for the financial year ended 31 March 2023 (FY2023).

CHAIRMAN'S STATEMENT
cont'd

THE GLOBAL ECONOMY

The economic environment in 2022 was shaped by a number of factors which included geopolitical tensions, technological advancements, inflationary pressures and hike in interest rates coupled with the lingering after effects of the COVID-19 pandemic. The recovery from the pandemic which significantly impacted the global economy, varied across different countries and regions, with emerging markets outpacing developed economies in terms of economic growth.

The ongoing trade tensions amongst major economies, particularly between the United States and China, had a significant impact on the world economy throughout 2022 and continues unabated. Increased protectionism and tariffs adversely affected global trade and investment flows.

The continued evolution of digital technologies and the rise of automation also had a significant impact on the world economy in 2022, with the potential to boost productivity and create job opportunities, but also led to significant disruption in certain industries and exacerbated income inequality. Climate change and sustainability were also prominent issues, and governments and businesses were under growing pressure to address these challenges. The transition to a low-carbon economy led to significant changes in industries such as energy, transportation and agriculture, and also created new investment opportunities in renewable energy and other sustainable industries.

Overall, in 2022, the global economy faced challenges but at the same time, there were also opportunities for growth and innovation in an interconnected global landscape.

WORLD ECONOMY OUTLOOK FOR 2023

The IMF, in its April 2023 economic report, presented a mixed picture for the economic outlook for 2023 amid financial sector turmoil in the United States, high inflation, ongoing effects of Russia's invasion of Ukraine, and three years of Covid-19. Global growth is projected to decrease from an estimated 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Rising central bank rates and Russia's war with Ukraine are expected to weigh on economic activity. However, the recent reopening in China has paved the way for a faster-than-expected recovery. Global inflation is also expected to fall in 2023 but still remains above pre-pandemic levels.

Despite these challenges, there are potential upsides, such as a stronger boost from pent-up demand and a faster fall in inflation. Nevertheless, the balance of risks remains tilted to the downside with the escalating conflict in Ukraine and tighter global financing costs posing potential threats.

THE MALAYSIAN ECONOMY

In 2022, the Malaysian economy experienced a period of steady growth with positive outcomes from the government's economic policies and strategies. According to Bank Negara Malaysia's ("BNM") fourth quarter report published on 10 February 2023, Malaysia's economy expanded by 8.7% in 2022 (2021: 3.1%). Private sector activity, driven by consumption and investment, remained the main driver of growth, supported by improving labour market conditions.

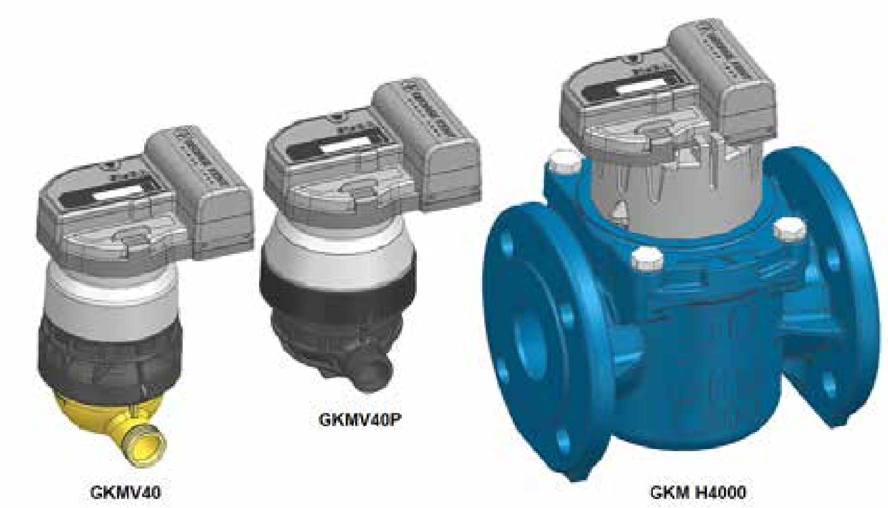
The manufacturing sector, particularly the electronics and electrical industries, saw a rebound, due to increased demand from global markets and government efforts to promote high-tech investment and competitiveness. The tourism sector showed signs of recovery as international borders gradually reopened, benefiting hospitality, transportation and retail sectors. Malaysia's focus on digitalisation and innovation resulted in increased investments in tech-related sectors, creating new job opportunities and growing the digital economy.

Despite the positive trends, Malaysia faced challenges due to rising global commodity prices and supply chain disruptions, leading to inflationary pressures. As headline inflation decreased to 3.9% in Q4 from 4.5% in Q3, however, core inflation increased to 4.2% in Q4 from 3.7% in the previous quarter due to sustained demand and elevated costs.

The global economic environment in 2023 is expected to pose challenges and uncertainties, with slower growth and tighter monetary policies in major economies, along with subdued global trade activity. However, despite these headwinds, the Malaysian economy is projected to grow between 4.0% and 5.0% in 2023, supported by firm domestic demand. Improvement in the labour market conditions, ongoing implementation of multi-year investment projects, and higher tourism activity are expected to drive private consumption and investment growth.

CHAIRMAN'S STATEMENT
cont'd

BNM expects both headline and core inflation in Malaysia to average between 2.8% and 3.8% in 2023. While inflation is expected to moderate due to lower prices of key commodities, the outlook remains tilted to the upside. Upside risks include worsening geopolitical conflicts leading to higher commodity prices, extreme weather conditions, stronger-than-expected demand from China and higher input costs due to exchange rate developments.



METERING

Our water meters business continues to be one of the pillars of your Company, with a rich history spanning over eight decades.

George Kent has established itself as a renowned name in the field of water meters, earning worldwide recognition. Our Class "C" Volumetric meters, which adhere to ISO standards, are in high demand among water authorities, both locally and internationally. Our steadfast dedication to excellence and constant pursuit of innovation have propelled your Company to the forefront of the metering solutions industry. George Kent takes pride in being a leading provider of metering solutions, a position your Company has solidified through global acclaim. Operating one of the largest hot brass forging plants in Southeast Asia empowers your Company to produce three million water meters annually and beyond, with additional products such as valves, fittings and various other brass products catering to diverse needs within the industry.

In addition to our manufacturing prowess, George Kent has established itself as a valued partner to some of the world's leading metering companies and water authorities. As part of our dynamic growth strategy, your Company also actively engages in collaborations with renowned specialists to bring a wider range of water meters to the market. These collaborative efforts enable your Company to introduce more sophisticated metering solutions that cater to the needs of a broader portfolio of countries.

Apart from our highly acclaimed Class 'C' signature water meter - namely the GKMV30 and the new cutting-edge high measuring range R400 water meter, the GKMV40, your Company's product portfolio also includes multi-jet and bulk meters. These precision-engineered meters cater to the distinct needs of residential, industrial and commercial sectors. Your Company has also developed our proprietary innovative solutions such as the Automated Meter Reading ("AMR") and Advance Metering Infrastructure ("AMI") which have been implemented throughout Malaysia and the South East Asia region through proof-of-concepts and pilot projects with State Water Authorities and operators of large commercial retail spaces including private institutions during FY2023.

Our unwavering commitment and dedication to maintaining the highest standards of quality and safety continues to be acknowledged by reputable organisations where your Company's metering business has been honoured with the Malaysian Society for Occupational Safety and Health ("MSOSH") OSH Gold Class 1 Award for Manufacturing, solidifying our position as a leader in Occupational Safety and Health ("OSH") practices. In addition, we are proud to have upheld our SIRIM certifications under the three Management Systems of ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018.

In an ever-evolving and challenging business environment, your Company recognises the importance of continually adapting and innovating to drive growth and create sustainable

CHAIRMAN’S STATEMENT
cont’d

value for our shareholders and investors. To this end, the Board is constantly exploring growth strategies such as expanding our geographical presence by targeting new markets and diversifying our product portfolio to cater to different sectors and industries. Your Company also invest in research and development to develop new and advanced metering solutions that meet the evolving needs of our customers. Besides, your Company has continuously optimised our manufacturing processes and supply chain to enhance efficiency and reduce costs, enabling us to offer more competitive pricing to our customers. In addition, we leverage digital technologies to improve our operations and enhance customer experience.

ENGINEERING

George Kent is an established engineering outfit with a strong track record of successfully delivering key infrastructure projects in Malaysia and across the region. Your Company’s expertise lies in rail transportation, water infrastructure, and hospital construction. With a proven track record, your Company have completed close to 30 water infrastructure projects and are recognised as an infrastructure specialist in hospital construction and systems work for rail projects.

During FY2023, your Company has demonstrated exceptional performance by successfully delivering two significant hospital construction projects, the first being the Institut Endokrin Hospital Putrajaya (“IEHPj”), which was completed and issued with the Certificate of Practical Completion on 8 April 2022. The IEHPj was subsequently handed over to the Ministry of Health on 22 April 2022. The second project, Hospital Tanjong Karang, was completed ahead of schedule with the Certificate of Practical Completion issued on 7 July 2022.

DIVERSIFYING FOR NEW GROWTH

Your Company is continuously working towards strengthening our position as a leading provider in sectors such as water, engineering and rail by exploring new opportunities for growth and diversification to ensure greater resilience in the face of changes in business conditions. Your Company recognises the pockets of opportunities for transferring our specialised skillsets to other high-potential sectors to build up new areas of growth.

During the financial year under review, the first phase of the Design and Build Contract awarded to your Company by Dynacare Sdn Bhd had progressed according to schedule with the project expected to be completed and handed over in FY2024.

RESILIENT FINANCIAL PERFORMANCE

George Kent has demonstrated resilience and has managed to maintain a positive financial performance for the financial year ended 31 March 2023, despite the challenges faced by your Company and the global economy as a whole. While the revenue and profit figures were lower compared to the previous financial year, your Company has made significant strides in improving our operational efficiency, expanding our product offerings and enhancing our customer experience.

In the wake of rising financial and operating costs amid tightening of monetary policy, inflationary pressures and supply chain disruptions, your Company was able to maintain a steady flow of revenue from our core business segments, i.e. our Metering and Engineering divisions remain profitable and viable, despite the challenging operating environment.

DIVIDEND

Your Company declared two (2) dividends totalling RM10.44 million in the financial year under review.

DIRECTORATE

I am pleased to welcome Madam Teh Bee Tein to our Board on 20 October 2022 as an Independent Non-Executive Director.

Dato’ Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah has served as an Independent Director for a cumulative tenure of more than 12 years. The Board had unanimously resolved for Dato’ Keizrul to continue to serve as a Director and accordingly, was re-designated as a non-Independent Non-Executive Director effective from 1 June 2023.

CHAIRMAN'S STATEMENT
cont'd

SUSTAINABILITY FOCUS AND GOVERNANCE

At George Kent, we have a strong commitment to sustainability which is reflected in our governance practices. Your company has made sustainability a top priority and has established comprehensive governance procedures to ensure that our sustainability efforts are effective and aligned with our values.

During the year under review, your Board of Directors and Senior Management have redoubled efforts to strengthen accountability, transparency and oversight on anti-corruption, OSH, talent pool, supply chain reliability, energy efficiency and other material environmental, social and governance ("ESG") aspects of our business.

Your Company has set ambitious targets for reducing our environmental footprint, such as reducing waste generation and carbon emissions. Our governance framework includes regular monitoring and reporting on our progress towards these goals, as well as stakeholder engagement and consultation to ensure that our sustainability initiatives are transparent and inclusive. Your Board of Directors is responsible for upholding and maintaining best corporate governance practices that align with your Company's sustainability goals and the interests of stakeholders. Hence, the Senior Management of your Company is tasked with maintaining a rigorous focus on sustainability and governance to safeguard the long-term interests of our stakeholders while making a positive impact on the environment and society.

Our continuous efforts in sustainability and employee well-being have been recognised with two prestigious awards during the year under review. On 28 November 2022 your Company clinched the Gold award under the Equities category in the inaugural The Edge ESG Awards 2022 for the Construction sector. This award is a recognition of our exemplary compliance and commitment to sustainability practices, particularly in the areas of ESG and further validates our efforts towards maintaining the highest standards of sustainability governance.

In addition, your Company was also awarded the Best Employer Award 2022 by the Employees Provident Fund ("EPF") for the Klang Valley region on 7 December 2022. This award from EPF recognises our commitment to employee engagement and well-being. Your Company has collaborated with the EPF in its initiative to provide better income protection and welfare facilities to its members, and this award recognises our efforts to create a supportive and inclusive work environment.

These achievements are a testament to our unwavering commitment to sustainability focus and governance, which will continue to drive our success in the years to come.

CLIMATE RESILIENCE STRATEGY

Your Board of Directors recognises that climate change poses a potential threat, for example, seasonal heavy rainfall and flooding phenomenon in parts of Malaysia could disrupt and impact our business operations. As such, the Board is charged with taking a long-term view on managing climate change, understanding future risks and opportunities and ensuring that the present strategy addresses the impact of our operations on the environment. In addition to reducing our carbon footprint, your Board of Directors is focused on building business resilience by integrating ESG factors into its decision-making

CHAIRMAN'S STATEMENT
cont'd

processes. This includes identifying potential ESG risks and opportunities and implementing measures to mitigate the risks. Your Board is also looking into investing in research and development to identify and leverage opportunities in the transition to a low-carbon economy.

To reduce our Greenhouse Gas ("GHG") emissions, your Company is committed to using renewable and climate-friendly energy resources, and your Board is closely monitoring progress towards these goals as your Board of Directors is cognisant that building business resilience and taking a long-term view on ESG is key to managing climate change and delivering sustainable results for your Company and our stakeholders.

COMMUNITY SUPPORT AND TALENT MANAGEMENT

At your Company, we are dedicated to being a responsible corporate citizen and we prioritise initiatives that support the communities in which we operate. One such initiative is our George Kent Tertiary Education Scholarship, which was established in 2017 with a total budget of RM1 million. This scholarship aims to ease the financial burden of local university students pursuing diploma or degree courses in Engineering, Quantity Surveying and Accounting & Finance. Selected students will receive full coverage of their tuition fees for the entire duration of their studies as well as allowances for their learning aids as well as living costs.

Your Company also believes in nurturing young talents and preparing them for the corporate world through maintaining good relations with colleges and universities. As part of this commitment, your Company had, on 7 June 2023, entered into a Memorandum of Understanding ("MOU") with University of Technology Sarawak in fostering collaboration in human capital development and related activities. This collaboration serves as a community engagement and CSR initiative in enabling George Kent to actively contribute to the betterment of society through supporting local initiatives and programmes that have

a positive impact on the lives of individuals in Sarawak and the communities in Malaysia as a whole. The MOU is a synergistic partnership aimed at integrating academic and industrial expertise to strive towards cultivating innovative solutions that address real-world challenges while nurturing a culture of continuous learning.

Another recent example of our involvement in actively engaging with colleges and universities took place on 10 and 17 January 2023 in which your Company had participated in the Universiti Teknologi Malaysia's ("UTM") Talent and Competency Management Career Expo 2023 where the main objective of the program was to prepare students for job interviews by conducting career talks and mock interviews.

In addition to our efforts to support the local community and nurture young talent, your Company also prioritise talent management and upskilling our employees as we recognise the importance of staying ahead in the new digital era and providing our employees with the necessary skills to remain competitive. To achieve this, your Company regularly conduct training programs and workshops to equip our employees with the latest skills and knowledge in their respective fields. By doing so, our employees remain up-to-date with the latest trends and developments in their industries, enabling your Company to continue providing the highest quality of service to our customers.

CHAIRMAN'S STATEMENT
cont'd

GOING FORWARD

Despite the positive performance in financial year 2023, your Company is bracing for challenges that lie ahead in the current financial year and beyond. The World Bank and IMF have forecasted a downward revision for global growth in 2023, with Malaysia's GDP growth expected to moderate between 4% and 5% in the same period. However, your Company remains optimistic on achieving reasonable growth by balancing risk with clear value creation strategies while taking a cautious approach in pursuing growth.

Your Company shall continue to actively seek inorganic growth opportunities to complement its current organic growth trajectory in response to the market's anticipation, supported by our strong cash flow generation capability. The Board will continue to oversee the development of your Company's talent pool to be more alert and conscious of the various sources of innovative opportunities in order to capture new value. Additionally, the Group would continue to benchmark against competitive industry standards to hire and retain the best talent.

Furthermore, your Company recognises the importance of investing in technological advancements and digital solutions to enhance not only our day-to-day operations but also our product portfolio to maintain our competitive advantage, while mitigating potential risks. Key long term growth drivers for our Metering Division will continue to be in place with a targeted technology-led growth strategy plan.

NOTE OF APPRECIATION

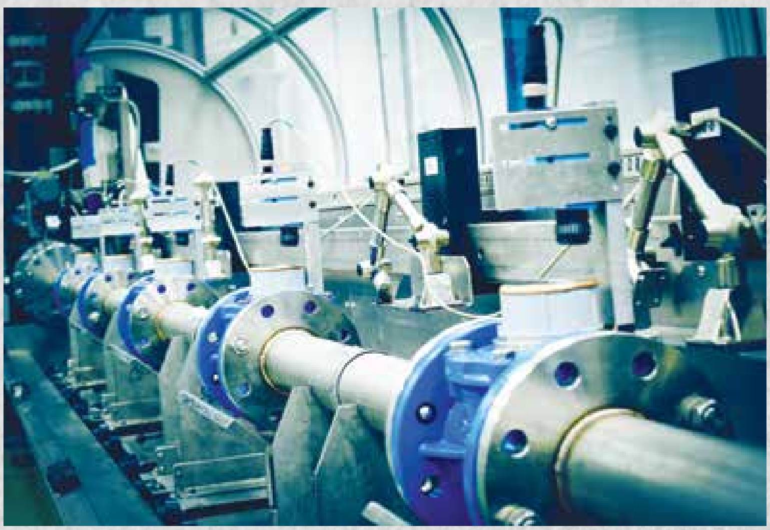
On behalf of the Board of Directors, I would like to express my deepest appreciation to our management team and staff for their unwavering dedication, hard work, resilience, particularly during the difficult times that we have faced during the pandemic.

A heartfelt thank you to our valued customers, business partners and shareholders for the unwavering support, loyalty and trust. Your steadfast support has been crucial to our success and has helped us navigate through the challenging and unpredictable business environment of recent years.

I would like to take this opportunity to thank our Board of Directors for their strategic perspectives, leadership and guidance which have been instrumental in shaping our Company's vision and driving us towards our shared goals.

TAN SRI DATO' TAN KAY HOCK
Chairman
Date: 30 June 2023

MANAGEMENT DISCUSSION & ANALYSIS



Dear Shareholders,

The Board of Directors and Management of your Company are pleased to present the Management Discussion and Analysis for the financial year ended 31 March 2023 (FY2023). This section offers insights into your Company's performance and provides an outlook on our future growth.

During the year under review, the Group has maintained its resilient business model and achieved commendable results despite the adverse inflationary impact of economic policies which arose from combatting the shutdowns and closures caused by the Covid-19 pandemic. The Group experienced a mix of opportunities and challenges as Malaysia and global economies reopened its borders at the end of the first quarter of 2022. The momentum gained as economies reopened had also resulted in strains on global manufacturing and supply chains in meeting the surge in demand and backlog of orders. In tandem with opportunities provided from the re-opening, however, the Group also faced headwinds, including rising inflationary pressures resulting from increasing raw material prices and a tight labour market. Moreover, ongoing geopolitical issues including the conflict in Ukraine and tensions arising from the US-China economic rivalry had further complicated demand and costs.

The Group reported revenue and profit before tax of RM247.04 million and RM7.75 million respectively for FY2023. We maintained a strong balance sheet with total cash and near cash amounting to RM219.65 million as at the end of the financial year. Shareholders' Equity stood at RM527.21 million whilst return on equity stood at 0.1%. Our debt-to-equity ratio remained healthy, at 37.9%.

Our Metering Division delivered revenue of RM143.62 million and a segment profit of RM33.41 million in FY2023, largely due to the robust demand for our water meters worldwide.

Our Engineering Division recorded a revenue (excluding that of joint ventures and associates) of RM103.42 million, with a segment profit of RM8.87 million from the construction of our two hospital projects and the glove manufacturing plant.

BUSINESS REVIEW BY DIVISION

Metering Division

For over eight decades, our water meters business has been a cornerstone of the Group's success. Our renowned "George Kent" brand is synonymous with quality water meters across the globe. The Group's ISO-rated Class "C" Volumetric meters are in high demand by water authorities worldwide, and we are proud to be a trusted partner for their water metering needs.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

The Group, operating one of Southeast Asia's largest hot brass-forging plants on a sprawling 17-acre manufacturing facility, has a current capacity of three million water meters annually, along with valves, waterworks fittings and other brass products under the brand names of "GKM" and "gKent". Our plant is able to scale up production swiftly to keep up with increasing sales.

Our manufacturing facility has maintained its OSH Gold 1 Award from the Malaysian Society for Occupational Safety and Health (MSOSH). This award is a testament to our strong performance in occupational safety and health. Furthermore, our manufacturing processes are certified with SIRIM certifications under the Management Systems of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. This demonstrates our commitment to maintaining high-quality standards in our research and development of water meter products and brass fittings, as well as in the provision of project management, civil, structural, water treatment, mechanical and electrical works, including instrumentation and SCADA systems for infrastructure projects.

Operational Achievements

During the financial year under review, the Group had exceeded expectations by successfully manufacturing and delivered all orders received, showcasing our commitment to meeting the growing global demand for reliable water measurement solutions. Our strong order book received a significant boost from securing various successful tenders in both the domestic and international markets in the year under review. We are proud to highlight our continued success in securing contracts from renowned water authorities in Singapore and Hong Kong, known for their rigorous evaluation standards for water meters. One notable achievement was being awarded a contract by the Hong Kong water authorities wherein we delivered 157,640 meters over a four-month period beginning from April 2022 followed by another award in November 2022 to deliver a further 504,000 meters over a four-year period.

The introduction of the Group's new Class 'D' or R400 Volumetric water meter, unveiled in the fourth quarter of the previous financial year, has received encouraging and positive reviews through proof-of-concept trials and pilot projects with multiple water authorities at both local and international levels. This enthusiasm culminated in securing our first order of these meters in May 2023, indicating a strong market reception.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Furthermore, our proprietary automated meter reading ("AMR") system had gained significant traction among local state water authorities and successful implementations have been witnessed in several large commercial spaces across the country. This milestone underscores the effectiveness and appeal of our AMR system, which enhances operational efficiency and accuracy in water meter reading.

To further expand our product portfolio and meet the high demand in both developing and developed markets, we continue to foster close collaborations with reputable partners. This strategic approach enables us to offer a comprehensive range of water meters that cater to diverse customer requirements.

In spite of the challenges faced in the financial year under review, we had effectively conducted our operations to fulfil our obligations to customers and attain a robust outcome for the Group. Through the implementation of stringent cost management strategies, optimising inventory control and enhancing automation in our manufacturing procedures, the Group had successfully mitigated the adverse effects of escalating inflation on our financial performance.

Strengthening Brand Presence

The Metering Division recognises the importance of upholding our brand presence and understands the need to actively engage with markets as they gradually recover from the Covid-19 pandemic. In line with this, the division has taken part in multiple regional and state water-related exhibitions, including the Asiawater 2022 exhibition, a comprehensive international water and wastewater event for emerging member countries of ASEAN. These endeavours aim to reinforce the 'George Kent' brand and establish a strong foothold in emerging markets, while also to bolster brand awareness and enhance our brand's reputation in new markets. By participating in exhibitions and events specific to water industry, we actively engage with potential customers, industry experts and stakeholders. These interactions provide us with invaluable opportunities to showcase our expertise, innovative solutions and the high quality of our products.

Through our presence at these exhibitions, we effectively communicate the value proposition of the George Kent brand to a wider audience. These exhibitions provide us with a platform to highlight our commitment to providing reliable and efficient metering solutions for water management, emphasizing our expertise, track record and customer satisfaction as well as build trust and credibility among our target customers. By actively engaging in exhibitions and events, we position ourselves as a key player in the water metering industry. We also take advantage of the platforms provided to foster partnerships, establish relationships and explore potential collaborations with local businesses and organisations. This helps us to penetrate new markets more effectively and create a network of trusted partners who can support our growth in these regions.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Engineering Division

The Engineering Division of George Kent focuses on the development of water infrastructure, railway systems projects and construction of hospitals. Drawing upon our extensive experience in the water industry, the Group's engineering services encompass a range of offerings, including Build, Operate and Transfer (BOT); Operation and Maintenance (O&M); construction and rehabilitation of water infrastructure projects. Additionally, our engineering expertise extends to the rail transportation and healthcare sectors where we provide comprehensive systems and track works for rail infrastructure and undertake the design and construction of hospitals.

The Group takes pride in maintaining our rating in the Construction Industry Development Board's ("CIDB") Contractor's Capacity and Capability Assessment Programme – Competitive Rating for Enhancement ("SCORE"). This rating is a confirmation of our leadership in project management and technical capabilities, established brand presence, financial stability, and unwavering commitment to industry best practices.

Construction of Hospitals

In the financial year under review, the Engineering Division has accomplished significant milestones delivering a commendable revenue of RM103.42 million. The Group has successfully completed and delivered two notable hospital construction projects, which exemplify our commitment to excellence and expertise in the field.

Firstly, the 220-bed state-of-the-art facility, Institut Endokrin Hospital Putrajaya - dedicated to endocrine healthcare, was completed in a timely manner with the Certificate of Practical Completion officially issued on 8 April 2022. Subsequently, on 22 April 2022, the hospital was officially handed over to the Ministry of Health, marking a momentous achievement in our project delivery.

In addition, the Engineering Division continued its remarkable performance with the completion of the 150-bed Hospital Tanjong Karang, a government-owned district specialist hospital. Demonstrating our steadfast commitment to excellence, this project was completed ahead of schedule, with the Certificate of Practical Completion being granted on 7 July 2022. The early completion showcases our dedication to meeting and exceeding project timelines while upholding the highest standards of quality.

MANAGEMENT DISCUSSION & ANALYSIS
cont'd

Construction of Glove Factory

George Kent was awarded the Design and Build Contract by Dynacare Sdn Bhd to construct a glove manufacturing plant in Lumut. Phase 1 of the project encompassed the completion of 6 double-former glove dipping lines, which are crucial components of the glove manufacturing process, contributing to the efficient production of gloves at the plant.

Our scope of work involved comprehensive construction activities which include civil and structural building works, mechanical and electrical installations, and the establishment of utility connections such as electricity, gas and water supply. In addition, George Kent took charge of constructing wastewater treatment and water recycling facilities, ensuring the plant adhered to sustainable and environmentally friendly practices.

The Group collaborated closely with experienced glove-dipping line technology providers to guarantee optimal performance. Through this partnership, we ensured the implementation of cutting-edge, high-capacity, fully automated production lines. These advanced systems were meticulously designed, installed, tested and commissioned to meet the stringent requirements of the glove manufacturing industry. Throughout the project, our team demonstrated exceptional dedication and expertise, resulting in the successful commissioning of two dipping lines of the Phase 1 project in the financial year under review with the other four dipping lines expected to be completed in FY2024. This achievement highlights our commitment to delivering on-time, high quality projects that meet the specific needs of our clients.

As we progress further, our focus remains on delivering outstanding results for the subsequent project phases. With our unwavering dedication to excellence, we aim to contribute to the growth and success of the glove manufacturing industry while continuing to prioritise client satisfaction and industry-leading practices.

Sukuk Financing

In FY2021, the Group successfully issued RM132.00 million of 5-year Islamic Medium Term Notes ("MTN") from its Sukuk Wakalah program. It is noteworthy that this MTN has maintained its positive investment grade rating from the Malaysian Rating Corporation Berhad.

Outlook and Prospects

In 2023, the global economic landscape is anticipated to be characterised by ongoing challenges and uncertainties. Major economies are expected to experience slower growth and implement tighter monetary policies, while global trade activity remains subdued.

Amidst these global headwinds, the Malaysia economy is projected to exhibit resilience and achieve growth ranging between 4.0% and 5.0% in 2023 underpinned by robust domestic demand, according to Bank Negara Malaysia in its Economic and Monetary Review 2022 report. Favourable labour market conditions, the continuation of multi-year investment projects and increased tourism activity are expected to bolster private consumption and investment.

Both headline and core inflation rates are forecasted to moderate and average between 2.8% and 3.8% in 2023 due to lower prices of essential commodities. However, there remains an upside risk to the inflation outlook. Factors such as escalating geopolitical conflicts leading to higher commodity prices, extreme weather conditions and increased input costs owing to exchange rate fluctuations could exert upward pressure on inflation.

Against this persistent demanding background, the year 2023 remains challenging. Nevertheless, the Group looks ahead optimistically considering the well-established operations and the great commitment of the Management and staff in achieving the defined goals.

Ensuring the Group's business resilience remains our top priority. The Group is steadfast in our commitment to long-term strategies that fortify our resilience, leveraging the strength of our brand, prioritising the development of our people's capabilities and exploring new business opportunities. In the near term, our focus will be on enhancing productivity, ensuring compliance and work efficiency and accelerating our digitalisation roadmap to sustain our growth trajectory.

EVENT HIGHLIGHTS

APRIL 2022

21 April 2022
Distribution of 250 packs of 'Bubur Lambuk' and 250 packs of dates for 'Buka Puasa' to the communities of Taman Desa Air Hitam Puchong, Alam Idaman Taman Tasik Puchong, Rumah Anak Yatim At-Taqwa at Taman Putra Perdana and Rumah Jagaan dan Rawatan Orang Tua Al-Ikhlas Pulau Meranti in conjunction with Ramadan 2022.

22 April 2022
Handover Ceremony of Institut Endokrin Hospital Putrajaya to Ministry of Works (JKR) and Ministry of Health (MOH)

JUNE 2022

2 June 2022
Took part in the 'Kejohanan Boling Piala Ketua Pengarah JTKSM 2022' organised by Jabatan Tenaga Kerja Semenanjung (JTKSM)'s Sports and Welfare Organisation (Kelab KASIH)

17 June 2022
Sustainability Steering Committee and Sustainability Working Group meeting on Materiality Assessment results and targets setting for FY2023 and FY2024.

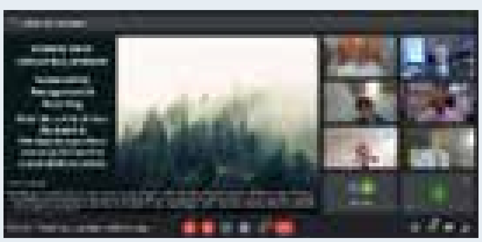
11 June 2022
Futsal Tournament among divisions organised by George Kent Sports Club

20 June 2022
George Kent (Malaysia) Berhad was added to the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index.

28 June 2022
Section 17A MACC Act 2009 (Amendment 2018) Awareness Training for Senior Managers and Executives.

JULY 2022

4 & 5 July 2022
Fire extinguisher safe use and handling workshop for all levels of staff



7 July 2022
Sustainability Management and Reporting online training for Directors and Senior Management

23 July 2022
Badminton Tournament organised by GK Sports Club

EVENT HIGHLIGHTS
cont'd

AUGUST 2022

17 – 19 August 2022
Participated in the exhibition organized by the Sarawak state water authority - Kuching Water Board in conjunction with the Sarawak Water Supply Retreat at Damai Beach Resort

21 August 2022
Ping Pong Championship organised by GK Sports Club

30 August 2022
Participated in the Provincial Waterworks Authority "PWA" Exhibition with Thai Meters

SEPTEMBER 2022

22 September 2022
71st Annual General Meeting

26 September 2022
Handover Ceremony of Hospital Tanjong Karang, Selangor to Ministry of Works (JKR) and Ministry of Health (MOH)

OCTOBER 2022

5 October 2022
Official Launch of George Kent (Malaysia) Berhad Health Safety Environment and Quality (HSEQ) month.

6 October 2022
Blood Donation Campaign organized together with Pusat Darah Negara.

14 October 2022
Integrated Management Review Meeting for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018

18 October 2022
ISO Management Systems audit by SIRIM

20 October 2022
Appreciation Luncheon in conjunction with the conclusion of the LRT 2 project.

EVENT HIGHLIGHTS
cont'd

NOVEMBER 2022

5 November 2022
George Kent Sports Club's 44th Annual Dinner

28 November 2022
George Kent (Malaysia) Berhad clinched the prestigious Gold Award under the Equities Category for the Construction Sector in The Edge's inaugural ESG Awards 2022.

DECEMBER 2022

5 December 2022
Business Plan and Budget Workshop for FY2024

7 – 9 December 2022
George Kent participated in the Asia Water 2022 exhibition which was held at the Kuala Lumpur Convention Centre which was a biennial event and is a leading water and wastewater event for Developing Asia.

7 December 2022
George Kent (Malaysia) Berhad was awarded the Best Employer Award 2022 by the Employees Provident Fund (EPF) also known as Kumpulan Wang Simpanan Pekerja (KWSP) for the Klang Valley region.

15 December 2022
Metering Division Appreciation Dinner held at Sofitel Kuala Lumpur, Damansara.

MARCH 2023

10 March 2023
Sustainability Steering Committee and Sustainability Working Group meeting to review the Materiality Assessment matrix and target setting for FY2024

12 March 2023
Bowling Tournament organized by GK Sports Club

16 – 19 March 2023
Participated in the Worldbex, The Philippine World Building and Construction Exhibition with our local distributor

21 & 22 March 2023
First Aid Training for staff

21 March 2023
George Kent and its local partner participated in the Sarawak World Water Day 2023 event which was held at Dinner World Restaurant in Bintulu, Sarawak

EVENT HIGHLIGHTS
cont'd

MAY 2023

17 May 2023
George Kent's Metering Division Incentive Scheme and Performance Monitoring Briefing

29 May 2023
15th Collective Agreement Signing Ceremony between George Kent (Malaysia) Berhad and Metal Industry Employees' Union

JUNE 2023

6 June 2023
Top Management Walkabout

7 June 2023
Signing of a Memorandum of Understanding between George Kent (Malaysia) Berhad and University of Technology Sarawak to establish a mutually beneficial relationship built on academic and industrial cooperation.

PROFILE OF DIRECTORS

TAN SRI DATO' TAN KAY HOCK

Chairman
Non-Independent
Non-Executive Director

Age 76
Male
Malaysian

A Barrister-at-Law, Tan Sri Dato' Tan Kay Hock is a lawyer by training, having been called to the Bar by Lincoln's Inn, UK in 1971. In 1972, he was admitted as an advocate and solicitor to the Supreme Court of Malaysia. He is a non-practising lawyer.

Since August 1981, he has been the Chairman and Chief Executive of Johan Holdings Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. The Johan Group's principal activities include the manufacture, sale and distribution of gloves, general trading, property investments, as well as resort and hotel operation.

Tan Sri Dato' Tan Kay Hock was appointed to the Board on 14 January 1982. He is the Chairman of the Remuneration Committee and a member of the Audit & Risk Management Committee. His directorships in other listed issuers and public companies, are as follows: -

Listed Issuers : Johan Holdings Berhad

Public Companies : -

PUAN SRI DATIN TAN SWEE BEE

Non-Independent
Non-Executive Director

Age 77
Female
Permanent Resident (Malaysia)

Puan Sri Datin Tan Swee Bee is a UK-trained Barrister-at-Law from Lincoln's Inn, UK in 1971. In 1972, she was admitted as an advocate and solicitor to the Supreme Court of Malaysia. She is a non-practising lawyer.

Since December 1984, she has been the Group Managing Director of Johan Holdings Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. The Johan Group's principal activities include the manufacture, sale and distribution of gloves, general trading, property investments, as well as resort and hotel operation.

Puan Sri Datin Tan Swee Bee was appointed to the Board on 11 October 1989. She is a member of the Remuneration Committee and Nominating Committee. Her directorships in other listed issuers and public companies, are as follows: -

Listed Issuers : Johan Holdings Berhad

Public Companies : -

PROFILE OF DIRECTORS
cont'd

DATO' PADUKA (DR.) IR. HJ. KEIZRUL BIN ABDULLAH

Non-Independent Non-Executive Director

Age 72
Male
Malaysian

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah is a Registered Professional Engineer with Practising Certificate who has been involved in water and water resources engineering for the past 47 years. On graduation from the University of Malaya in 1975 with a Bachelor of Engineering (Honours) in Civil Engineering, he joined the Department of Irrigation and Drainage Malaysia, and over an illustrious career, he rose to become the Director General in November 1997 until his retirement from public service eleven years later.

During his tenure as the Director General, he oversaw the development of a Flood Mitigation Master Plan for Kuala Lumpur and managed the SMART Tunnel project from conception to commissioning. The SMART Tunnel is a unique and innovative flood mitigation project utilising a tunnel for both flood and traffic use and has won numerous awards, both national and international.

He is an alumni of the Senior Executive Programme at the London Business School, and the Advanced Management Programme at the Harvard Business School.

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah was appointed to the Board as Independent Non-Executive Director on 8 December 2009 and was re-designated as Non-Independent Non-Executive Director on 1 June 2023. His directorships in other listed issuers and public companies, are as follows: -

Listed Issuers : -

Public Companies : Wetlands International

DATO' AHMAD KHAIRUMMUZAMMIL BIN MOHD YUSOFF

Independent Non-Executive Director

Age 82
Male
Malaysian

Dato' Ahmad Khairummuzammil Bin Mohd Yusoff holds a Bachelor of Arts (Economics Honours) from the University of Malaya. He was Deputy Chairman of the Urban Development Authority (UDA) of Kuala Lumpur from 1978 to 1981, and was subsequently appointed UDA's Director-General, Chief Executive Officer and Board Member in 1981.

From May 1986 to 1994, he held various senior management positions in Kumpulan Guthrie Berhad and was its Executive Director from May 1986 to December 1987. He was also Vice President and Director of HICOM Holdings Berhad from February 1995 to July 2000, and subsequently held the post of Group Director in the DRB-Hicom Group until March 2006. He was the Director/Chairman of Metrojaya Berhad from 1979 to 2015.

Dato' Ahmad Khairummuzammil Bin Mohd Yusoff was appointed to the Board on 30 June 2015. He is the Chairman of the Audit and Risk Management Committee and also the Chairman of the Nominating Committee and a member of the Remuneration Committee. His directorships in other listed issuers and public companies, are as follows: -

Listed Issuers : Johan Holdings Berhad

Public Companies : -

PROFILE OF DIRECTORS
cont'd

TEH BEE TEIN

Independent
Non-Executive Director

Age 67
Female
Malaysian

Ms Teh Bee Tein is currently the Managing Partner of B.T. Teh, Thiang & Co. – Chartered Accountants (Petaling Jaya), a partner of Thiang & Co. – Chartered Accountants (Klang) and the Managing Director of B.T. Teh Tax Services Sdn. Bhd. – a registered Tax Agent.

She has over 44 years of experience in public accounting firms, both in Malaysia and the United Kingdom. Prior to joining B.T. Teh, Thiang & Co., she was attached with Ernst & Young for nine years.

Ms Teh Bee Tein was appointed to the Board on 20 October 2022. She is a member of the Audit and Risk Management Committee and also a member of the Nominating Committee. Her directorships in other listed issuers and public companies, are as follows: -

Listed Issuers : KUB Malaysia Berhad

Public Companies : -

OOI CHIN KHOON

Non-Independent
Executive Director

Age 62
Male
Malaysian

Mr Ooi Chin Khoon is a member of the Malaysian Institute of Accountants and has more than 34 years of experience in financial, strategic and operational management covering various industries. As Executive Director, he is responsible for the financial and strategic management of the Group.

Mr Ooi Chin Khoon was the Senior General Manager – Finance & Control of the Company prior to his present position. He was appointed to the Board on 28 March 2013 and does not hold any directorships in other listed issuers and public companies.

ADDITIONAL INFORMATION:-

1) With the exception of Puan Sri Datin Tan Swee Bee, who is the spouse of Tan Sri Dato' Tan Kay Hock, all directors of the Company do not have any family relationship with any other director or major shareholder.
2) None of the directors has any conflict of interest with the Company.
3) None of the directors has any convictions for offences (other than traffic offences, if any) within the past five (5) years, and no public sanction or penalty was imposed on any of them by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

OOI CHIN KHOON
Executive Director

Age 62 | Male | Malaysian

The Senior Management team is headed by the Executive Director, Mr Ooi Chin Khoon, whose profile is disclosed in the Profile of Directors. He is assisted by key senior management staffs who are primarily responsible for the operations of the Group's core businesses.

JONATHAN GODDARD
General Manager – Rail Projects

Age 60 | Male | Irish

Mr Jonathan Goddard was appointed Deputy Project Director of the Ampang LRT Line Extension project in December 2012. On this project he led a team of over 100 direct staff with a workforce of over 1,000 for the successful delivery to meet the Employer's timeline. In March 2018 he was appointed General Manager of Rail Projects. He was also on the MRCBGK JV Board of Directors for the delivery of the LRT3 project.

Mr Goddard has over 35 years of experience in commercial and project management in the construction industry, with over two decades in rail transportation working for Bombardier's South East Asian operations. His commercial and project management skills were honed from his work in the different sectors of the construction industry, including private practice, general contracting, consulting and turnkey delivery of projects.

He holds a Bachelor of Science in Quantity Surveying and a Higher National Diploma in Building from London South Bank University.

YAP CHENG LEUNG
General Manager – Meters

Age 47 | Male | Malaysian

Mr Yap Cheng Leung was appointed General Manager – Meters in February 2016. Prior to that, he was the Assistant General Manager of Metering Sales since February 2009.

In his current capacity, Mr Yap oversees the sales and marketing of the Group's proprietary Automated Meter Reading Solution, water meters and industrial products for the local markets. As the head of the Group's Product Engineering team since February 2019, he is also responsible for product development and business expansion.

Mr Yap has over 23 years of experience in the manufacturing, marketing and sales operations for both the local and export sales of George Kent's metering and non-metering products. He also worked as a Mechanical Engineer in the engineering and construction of a water treatment plant during his tenure with the Group.

He holds a Master of Science in Engineering Business Management from the University of Warwick and a Higher National Diploma from Tunku Abdul Rahman College.

PROFILE OF KEY SENIOR MANAGEMENT
cont'd

ONG KUM WENG
General Manager – Finance & Control

Age 60 | Male | Malaysian

Mr Ong Kum Weng joined George Kent on 1 November 2011 as Assistant General Manager - Finance & Control. He was subsequently appointed as the General Manager of Finance & Control on 1 February 2018. He has over 35 years of experience in external and internal auditing, risk management and accounting. Prior to joining George Kent, he was the Assistant General Manager of Finance at another public-listed company.

He is a qualified accountant and holds memberships with the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

ADDITIONAL INFORMATION:

1) None of the Key Senior Management staff holds directorships in public companies and listed issuers.
2) None of the Key Senior Management staff has any family relationship with any director and/or major shareholder of the Company.
3) None of the Key Senior Management staff has any conflict of interest with the Company.
4) None of the Key Senior Management staff has any convictions for offences (other than traffic offences, if any) within the past five (5) years, and no public sanction or penalty was imposed on any of them by the relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

George Kent (Malaysia) Berhad ("GK" or "the Group") has remained resolute in fulfilling our Economic, Environmental, Social and Governance ("EESG") commitments against a backdrop of persisting challenges and emerging new ones. These challenges have only strengthened our desire to conduct our business more sustainably.

The indubitable focus on economic and health issues recently and in the past has caused urgent social and environmental matters to be sidelined at times. The global pandemic has emphasised the importance of health and work-life balance. Meanwhile, the repercussions of Russia's invasion of Ukraine have underlined the necessity of energy security and harnessing renewable energy. These disruptive events have made it even more vital that we continue our sustainability efforts in developing our products and services, serving our customers, supporting our employees, helping communities grow and protecting the environment.

HIGHLIGHTS:

SOCIAL

- 2 of the 6 BOD members are female directors
- No human rights violation
- Zero health and safety non-compliance
- MSOSH Gold merit award
- 9,251 Training Hours

ENVIRONMENT

- 5% reduction of energy consumption by 2025
- Zero environmental Penalty
- No plastic use Policy

SUSTAINABILITY STATEMENT
cont'd

ABOUT THIS REPORT

We are committed to being transparent to our employees, clients, partners, shareholders and communities in regards to details of our sustainability journey. This disclosure provides information on our sustainability objectives and strategies.

With this report, our stakeholders will learn about the sustainable initiatives that we are implementing, their progress and actionable EESG patterns. It elucidates how we mobilise our resources and scale the Group to manufacture and develop products and services to build a more sustainable world. In FY2023, we completed our outstanding engineering projects. In the year under review, before we commence new projects, it is a perfect time for us to review the sustainability foundations of the engineering division to further align our systems and procedures with emerging environmental and social concerns.

Scope and Boundary: Unless specified, this report encompasses all business operations directly controlled by GK. As at the end of 2022, we have handed over our two major hospital construction projects; thus, in this report, most sustainability indicators are focused on our Manufacturing division and headquarters.

Reporting Period: This report covers the EESG activities implemented from 1 April 2022 to 31 March 2023. Historical data from previous years are also included to illustrate trends, provide a basis for comparison and assess our progress.

Reporting Cycle: Annually, coinciding with our annual reporting.

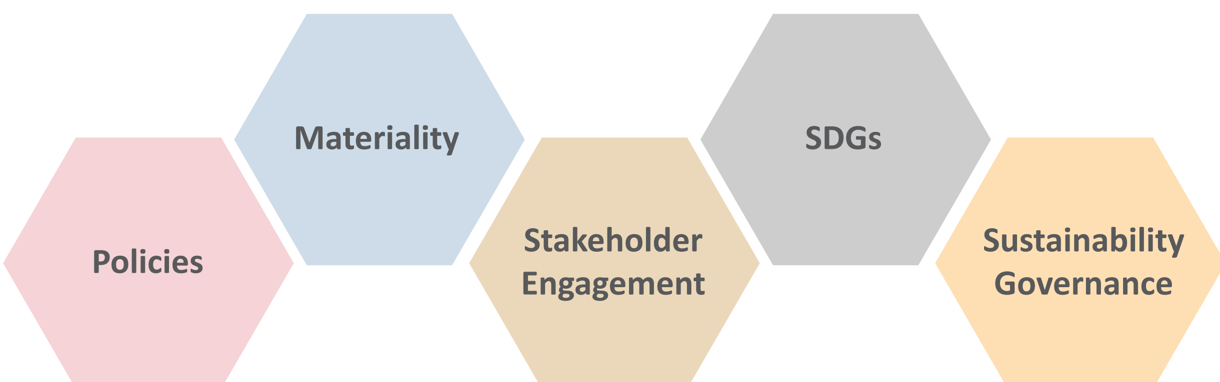
Reporting Guidelines:

- Principal Guideline: Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
- Malaysian Code on Corporate Governance ("MCCG") 2021
- References:
  - o Global Sustainability Reporting Standards ("GRI Standards") 2021
  - o United Nations Sustainable Development Goals ("SDGs")

Feedback: We welcome your feedback. Email us at mkt@georgekent.net.

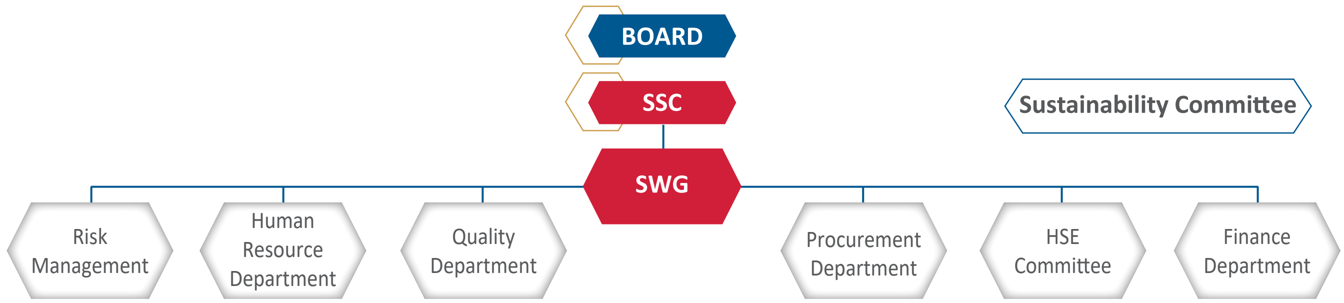
OUR APPROACH TO SUSTAINABILITY

Shown below is our interconnective approach to drive our EESG commitments and create a more sustainable and inclusive economy and society. These five (5) elements are jointly activated across our business and operations to create and sustain value. Our goal is to steadily build upon these foundations today to deliver a better future for future generations.



SUSTAINABILITY STATEMENT
cont'd

SUSTAINABILITY GOVERNANCE



The Board: The Board of Directors ("BOD") is responsible for driving sustainability in the Group. Part of their fiduciary duties is directly overseeing EESG material sustainability issues. The BOD ensures that all implemented plans, strategies and policies are consistent with current best practices. The BOD approves the targets for attaining cleaner and sustainable growth to align with stakeholders' expectations, whose intensity has grown across various sustainability issues, including health and safety, governance, environmental protection and climate action.

Sustainability Steering Committee ("SSC"): The SSC is chaired by the Executive Director, who in turn is assisted by key members of Senior Management from the Metering and Engineering divisions. The SSC reviews all sustainability commitments to ensure that they are aligned with the Group's Vision, Mission and Values. The SSC is in charge of setting important initiatives and sustainable growth plans as well as guiding operational functions.

Sustainability Working Group ("SWG"): Consisting of the Heads of Departments ("HODs") and the Heads of Committees ("HOCs"), the SWG is at the helm of our sustainability initiatives. They ensure that sustainability efforts are incorporated across the organisation, and all pertinent issues are directly managed by the HODs and HOCs. They develop plans and execute strategies to accomplish our EESG responsibilities whilst monitoring the data to guarantee the success of our sustainability programmes.

The SWG reports to the SSC. The SSC evaluates the Group's sustainability performance and reports their findings to the BOD.

Compliance Ethics and Transparency

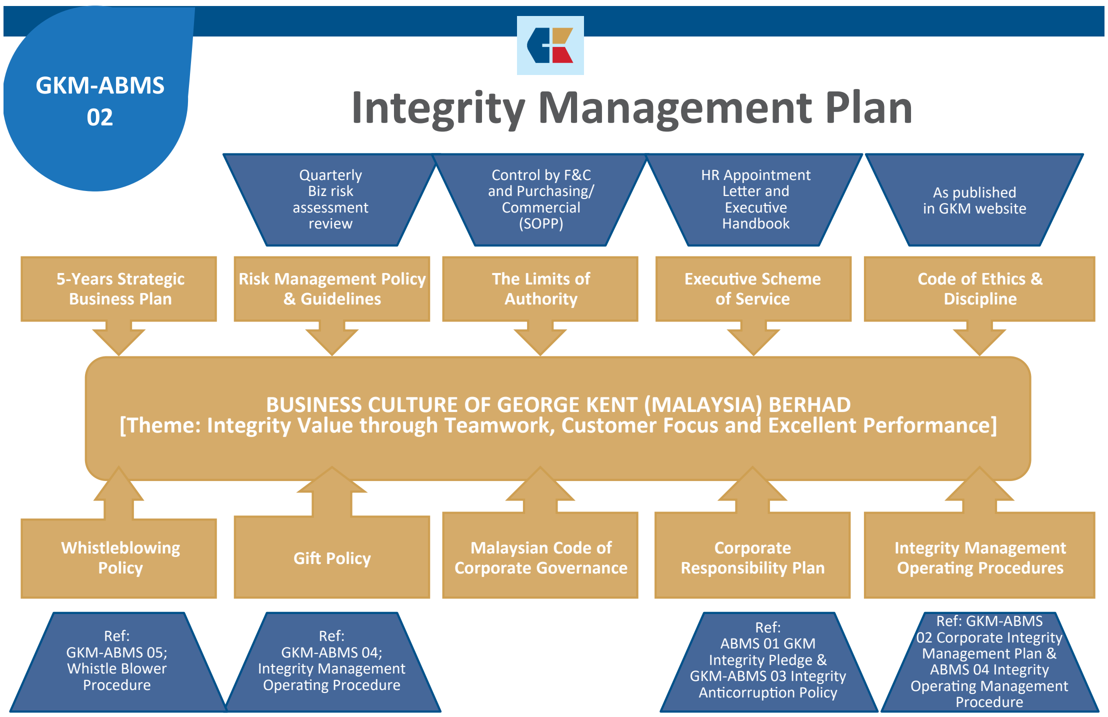
The Group's Key Policies serve as the overarching guide for our employees and business partners to uphold the highest standards of professional conduct. These policies are reviewed regularly to reflect current risks and opportunities, sustainability trends, and regulatory and societal changes. Our policies are published on our website and disseminated to employees, business partners, agents and related parties.

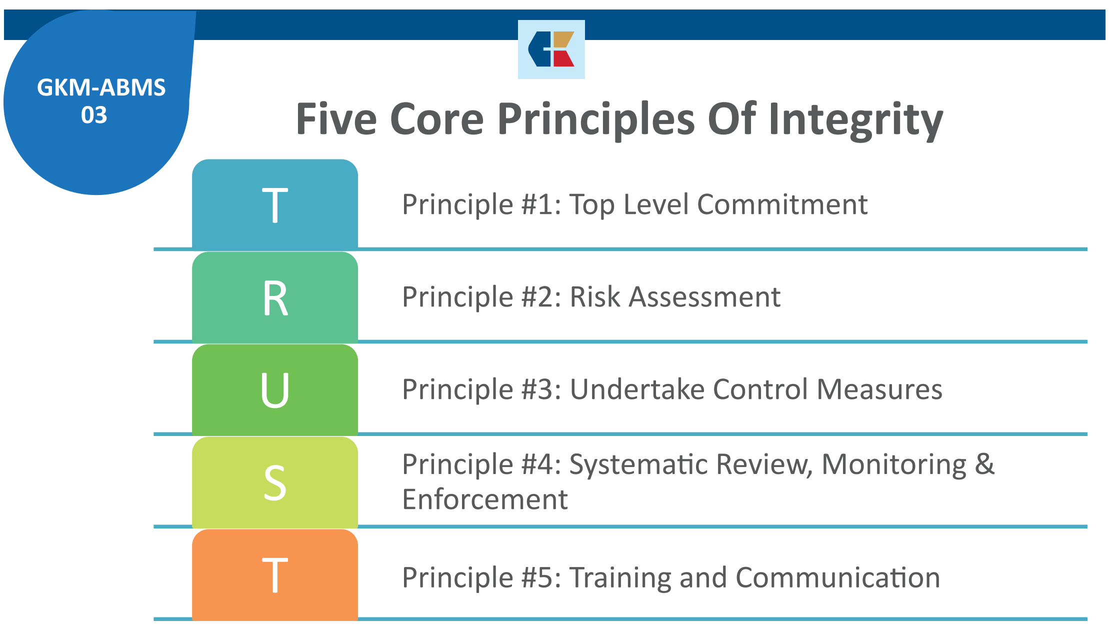
We prescribe the Code of Conduct and Ethics ("CCE") to espouse integrity and respect in our activities. We promote accountability and condemn all acts of bribery and corruption. The Group's Anti-Bribery & Anti-Corruption Policy ("ABAC") elucidates our position on this matter. Additionally, to uphold sustainability principles across our organisation, GK requires all vendors and contractors to sign the Vendor's Conduct and Ethics ("VCE") and abide by our Sustainability Policies and other key policies. New hires are inducted into the CCE and ABAC, which are also posted on the employee's internal channels. GK News, the Company's internal newsletter, features anti-corruption articles and updates on these policies.

SUSTAINABILITY STATEMENT
cont'd

Integrity Management Plan

In compliance with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, GK established the Integrity Management Plan to fulfil the requirements of the TRUST principles published by the Malaysian government. The procedures, such as due diligence and assessment, are integrated into our Management Systems ("MS"). The Plan consists of Policies; Continual improvement, Purchasing control and procedures; Vendor selection; and Rating and re-evaluation.





SUSTAINABILITY STATEMENT
cont'd

The Whistle-blowing Policy provides a platform where our stakeholders can anonymously raise concerns about possible breaches of policies and other questionable practices without fear of reprisal or retaliation.

Since the Group was established, there has been no incidence or report of bribery and corruption, sexual harassment, discrimination and other ethical misconduct from our stakeholders. We have maintained a zero-non-compliance record and have never been imposed with fines or penalties in our operational activities relating to employees, children and community rights, the environment, and health & safety. This holds true for the year under review. In FY2023, 23 employees underwent 160 hours of external training on corruption and bribery.

We have consistently adhered to all pertinent local and national regulations, particularly those enumerated below:

Employment Act 1955	*Immigration Act 1959/63
Child Act 2001	Environmental Quality Act 1974
Occupational Health and Safety Act 1994	Environmental Quality (Industrial Effluent) Regulation 2009
Factories and Machinery Act 1967	Environmental Quality (Clean Air) Regulations 2014
Prevention of Infectious Diseases Act 342	Environmental Quality (**Scheduled Waste) Regulations 2014
Fire Services Act 1988	Pesticides Act

* *Employment of foreign workers*
** *Hazardous waste*

MACC ACT TRAINING attended by senior management, managers and departmental representatives who are involve in business transactions between vendors, contractors, agents and other related parties.

Sustainability Risk Management

The Group's Audit & Risk Management Committee ("ARMC") as a Board Committee delegated by the Board, supervises the overall enterprise risk management practices within the Group. They ensure that our business and operations follow a robust and sound risk management framework that applies the industry best practices in risk management. Our risk management practices comply with the ISO 31000 risk management standard and the Malaysian Code on Corporate Governance 2021.

Corruption risk assessment is conducted on all new and future projects as well as existing operational activities to identify weaknesses within our system. We review our regulatory and standards compliance with Quality ISO 9001:2015, Environment 14001:2015, Health and Safety ISO 45001:2018. As for corruption, we also review for any breaches to the MACC Act. In addition, the project teams of our ongoing projects are regularly briefed on our Integrity and Anti-Corruption policies and procedures.

SUSTAINABILITY STATEMENT
cont'd

The ARMC reviews the report prepared by the risk management working group every six months. During these reviews, sustainability is assessed through the risk identification, analysis, treatment, and monitoring of EESG and governance risk registers applicable to our business operations. The results of these reviews are presented during the annual management meeting.

Business Continuity and Crisis Management Plans

Having a Business Continuity Plan ("BCP") enables us to respond and recover from disruptive events in a timely manner and continue delivering products and services following a disruptive incident, whether environmental or social. With our BCP in place, our stakeholders can rest assured that we have pre-designed resiliency and recovery strategies for continuing or restarting critical business services.

MATERIALITY

We conducted a materiality reassessment during the year under review to ensure that recent external and internal developments and changes are incorporated and considered in our sustainability strategies. The assessment identifies the EESG sustainability themes that are most critical to our organisation and our stakeholders.

The result confirmed that our previously identified material issues have remained consistent with the type of activities that we have today. Moreover, our business scope underwent no significant change, so our materiality issues have also remained unchanged in the current report.

Materiality Process

Identify & Categorise

In our materiality reassessment, we identified a comprehensive list of stakeholders and material themes that currently affect our stakeholders and business operations. After that, we categorised each material theme under EESG topics and narrowed them down to avoid redundancy.

Prioritise

All material themes and stakeholder groups were assessed and scored according to their importance and impact.

Stakeholder Inclusiveness

To ensure that stakeholder voices are incorporated, the identified stakeholder groups were engaged to prioritise the themes according to their perceived importance.

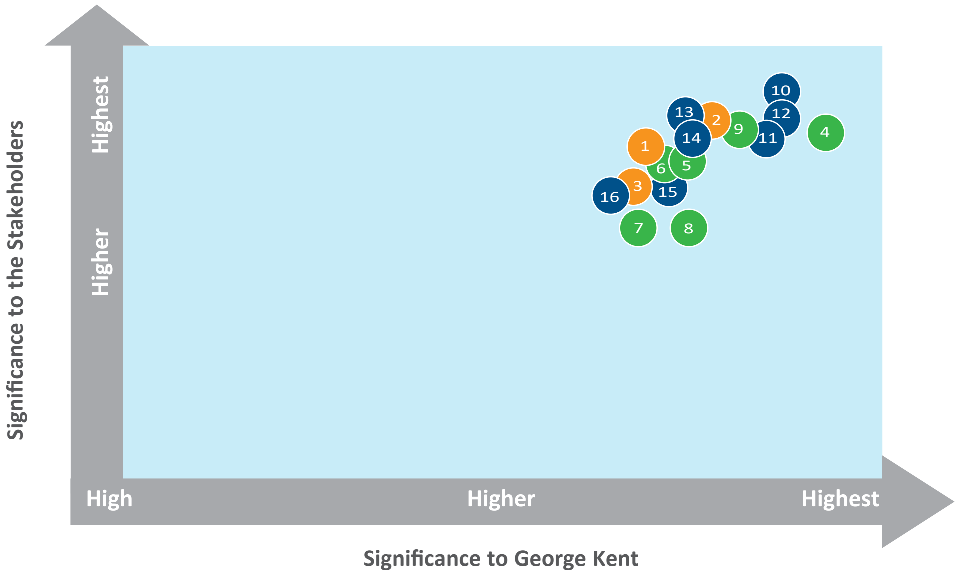
Validation & Approval

The formulated materiality matrix was then presented to the Senior Management and the BOD for verification and approval.

SUSTAINABILITY STATEMENT
cont'd

Materiality Matrix

The sustainability issues mapped on the upper right-hand quadrant of the matrix are the ones deemed most significant by both the Group and our stakeholders. The Group's top four material issues are: Customer Satisfaction, Health and Safety, Environmental Compliance and Governance, and Compliance & Ethics. All of these are closely linked to the core nature of our business.



ECONOMIC:
1. Economic Performance
2. Supply Chain Management
3. Community Development

ENVIRONMENT:
4. Environmental Compliance
5. Waste Management
6. Water Management
7. Biodiversity
8. Climate Change
9. Materials

SOCIAL:
10. Customer Satisfaction
11. Governance Compliance and Ethics
12. Health and Safety
13. Training and Education
14. Diversity and Inclusivity
15. Customer Privacy
16. Local Community

SUSTAINABILITY DEVELOPMENT GOALS ("SDGs")

The SDGs were designed to help society and business to focus on solving global sustainability challenges. At GK, we identify areas of our business and operational activities where we can positively contribute to attaining the SDGs.

SUSTAINABILITY STATEMENT
cont'd

UN SUSTAINABILITY DEVELOPMENT GOALS		GK'S CONTRIBUTION
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	> Does not tolerate any form of harassment. > Provides employee health benefits, sports and recreational activities, compassionate leaves, maternal and paternal leaves.
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	> Established GKM Education Scholarship Fund. > Undertakes Internship and Protégé Education Initiatives. > Promotes employee education and career advancement.
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	> Promotes female representation across the Group. > Provides equal opportunities to all stakeholders. > Established the Group Diversity Policy.
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	> Participates in the construction of water infrastructure. > Invested in water recycling initiatives.
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	> Set targets to reduce energy consumption and combat climate change.
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	> Stimulates local economy by local hiring and procurement. > Promotes a safe and comfortable work environment as per international standards.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	> Use innovative technologies and building materials. > Set targets for producing prototypes. > Participates in the Smart City Projects.
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	> Equitable treatment and recruitment of migrant workers.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	> Practice environmentally sound waste management. > Actively recycles to help reduce the overextraction of resources.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	> Addresses conflicts of interest, related party transaction as well as bribery, anti-bribery and business courtesies in its Code of Conduct and Ethics. > Holds inclusive dialogues with members of the public and private sectors.

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDER ENGAGEMENT MATTERS

We are committed to deliver sustainable development and long-term value for our clients and stakeholders in pursuit of our shared responsibility to drive change. We maintain constant transparent communication with our stakeholders for us to understand their concerns and respond effectively.

Our stakeholder engagement follows a meticulous process whereby stakeholder groups are categorised in terms of priority. We then identify areas and opportunities for engagement and communication. By having knowledge of exactly what issues are considered priorities by our stakeholders, we can take a more proactive approach to our sustainability strategy instead of reacting to situations as they arise.

The table below shows our stakeholders, their areas of concern, and the solutions we have undertaken to address them.

STAKEHOLDER GROUP	AREAS OF CONCERN	ENGAGEMENT METHODS AND ACTIVITIES
INVESTORS	• Profitability & Growth • Communication • Reputation	- Good corporate governance and risk management practices - Transparent and timely disclosure of economic and financial information - Analyst briefings on economic strategy - Economic growth - ESG survey response - Media releases on corporate developments
CUSTOMERS	• High-quality goods & services • Immediate response • Timely delivery • Sustainable Products	- ISO 9001 and ISO 4064 certifications - Product warranty and customer discussion - On-time delivery (OTD) targets - Reputation - Compliance with all competition & antitrust laws
EMPLOYEES	• Career development • Health & safety • Sports & Welfare • Fair remuneration • Communication	- Training and Succession Policy - ISO 15001 certification and health benefits - Salary benchmarking and performance reviews - H&S representation - Collaboration with NGOs and Industry Association - GK Sports Club - GK Newsletter
COMMUNITIES	• Stakeholder engagements • Community initiatives • Labour practices	- GK Education Programme - 48-hour response to community queries - Safeguarding of the environment and health - NGO & local community engagements
VENDORS AND CONTRACTORS	• Fair & transparent competition • Health & safety	- Procurement Health Safety & Environment criteria - Health & safety of on-site activities - Fair procurement process and collaborative improvement - Participation in HSE Committee - Training and performance evaluation - Anti-Corruption training and awareness

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDER GROUP	AREAS OF CONCERN	ENGAGEMENT METHODS AND ACTIVITIES
REGULATORS	• Regulatory compliance • Meaningful collaboration Environmental protection	- Compliance training and seminars - Integrity Management Plan - Renewal of license and permits - Collaboration to improve ESG matters - "0" Non-compliance targets - Sustainability targets
BUSINESS PARTNERS	• Products portfolio • End-user experience • Quality and certification • Mutual growth • Sales support	- Regular meetings & engagement to provide updates on market information - Training on product knowledge - Collaborative improvement and growth - Timely correspondence

ECONOMY

We are leveraging capital and expertise to support the creation of sustainable economic value aimed at improving our business and creating a more resilient economy. We have established a network with international customers and professionals, which can assist us in tapping into regional projects and markets that require international collaborations through joint ventures or strategic alliances.

Conforming to the standards of other countries, such as obtaining several international product certifications, further amplifies the improvements of our products, making them more sustainable and globally competitive. Our exports contribute to the gross national product ("GNP") and foreign exchange earnings.

DIRECT ECONOMIC IMPACTS

The Group's direct economic impacts are reflected by the income, profit, taxes and employment generated by our engineering, construction and manufacturing activities. Since its establishment, GK has consistently manufactured top-quality metering products and delivered quality construction infrastructure projects.

INDIRECT ECONOMIC IMPACTS

GK significantly contributes to the achievement of Malaysia's socio-economic development goals. Our engineering, construction and manufacturing activities create job opportunities and expand the knowledge and skills of the workforce, thereby boosting the community's growth. We have invested in the development of technologies that can be extensively utilised in our activities. Our community investments are devoted to the growth of our supply chain and in empowering them to grow with us.

SUSTAINABILITY STATEMENT
cont'd

FY2023 indirect economic impacts are as follows:

Human Resources Training Investment	:	RM86,127.68
Education Programmes	:	RM28,851.00
Number of Employees	:	254
Dividend	:	RM10.44 million

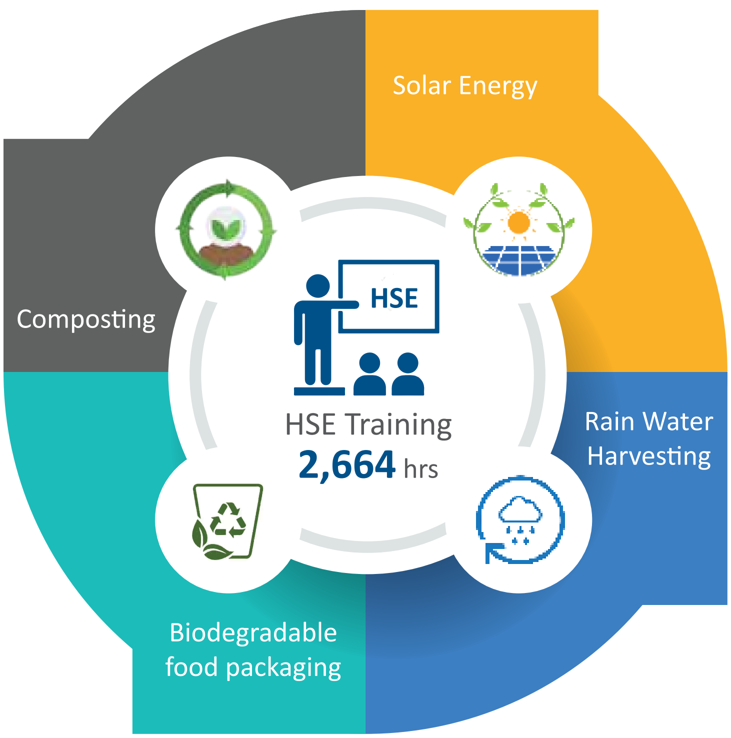
Supply Chain Economic Impact	Manufacturing
% of local content	80%
Total amount of local content	RM144 million

HEALTH, SAFETY AND ENVIRONMENT (HSE)

At GK, we are committed to ensure that our activities do not cause harm to the environment and all our stakeholders. We have established policies and procedures to guide the Group's activities in protecting the health and safety of all our stakeholders and in playing a role in environmental stewardship.

FY2023 HSE Highlights

We have successfully completed 2,664 hours of external training sessions covering a wide range of topics, including composting and rain harvesting initiatives. We have expanded our no plastic campaign to biodegradable food packaging.



SUSTAINABILITY STATEMENT
cont'd

Excerpt of GK's Sustainability Policy

- Aspire beyond regulatory compliance
- Abide by international standards and guidelines
- Allocate tools and resources

For a full copy of the policy please follow this link: *http://www.georgekent.net/wp-content/uploads/2022/02/GK-Sustainability-Policy.pdf*

Environmental Commitments	Health and Safety ("H&S") Commitments
o Continuous improvement	o Risk assessment
o Performance targets and reviews	o Framework and targets
o Stakeholder participation and training	o H&S culture
o Establish management system	o H&S management
o Support the national agenda	o Stakeholder collaboration
o Adopt international principles	o Monitor and review

HSE MANAGEMENT SYSTEMS STRUCTURES

Our entire operation is ISO 14001: 2015 (Environmental Management System), ISO 45001:2018, (Occupational Health and Safety) and ISO 9001:2018 Certified.

The Group has migrated from OHSAS 18001 to ISO 45001:2018 (Occupational Health and Safety). The Group's operations and assets are managed using only HSE-certified management systems. GK consists of two business divisions, namely, Engineering and Metering.

HSE Risk Management

In addressing health and environmental risks and hazards, the Group takes into account all of the activities conducted in the workplace, including those of our business partners. Health and safety assessments are performed by utilising Hazard Identification, Risk and Opportunity Assessment and Determination Control ("HIROADC"), whereas environmental risk assessment is conducted through an Environmental Management Plan ("EMP").

Both risk assessments are also applied to analyse the HSE risks of new and future projects, including areas of proposed changes or modification in infrastructure, equipment, materials and human capabilities.

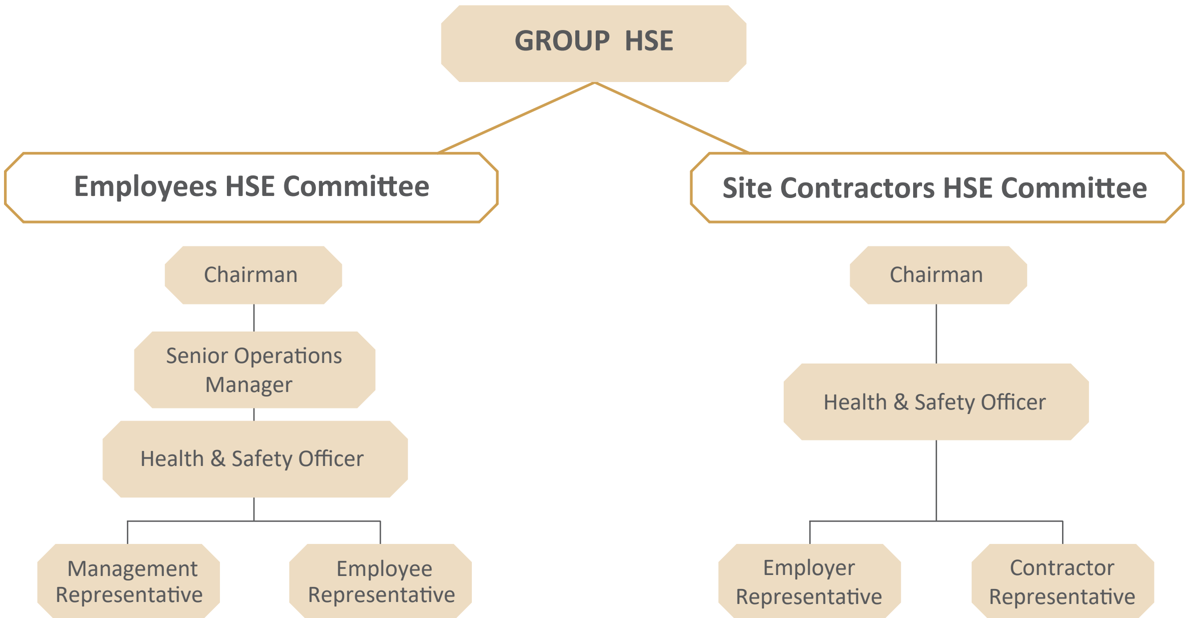
HSE Committee

HSE Committees are formed at all our sites and are represented by both internal and external employees and the management. Committee Representatives participate in the planning, implementation and evaluation of HSE measures. This is to ensure that any introduced policy or operational changes would not lead to HSE risks.

These committees provide a forum where employees and the management can solve environmental, health and safety issues. Committee meetings are conducted at least once a month to ensure timely communication and effective implementation of HIROADC. These discussions are important because they prevent injury and illness on the job; increase awareness of health, safety and environmental issues among workers, supervisors, and managers; and develop strategies that will create a healthy and safe work environment.

SUSTAINABILITY STATEMENT
cont'd

The site HSE chairman reports to the Group HSE Committee as regards the status of each site.

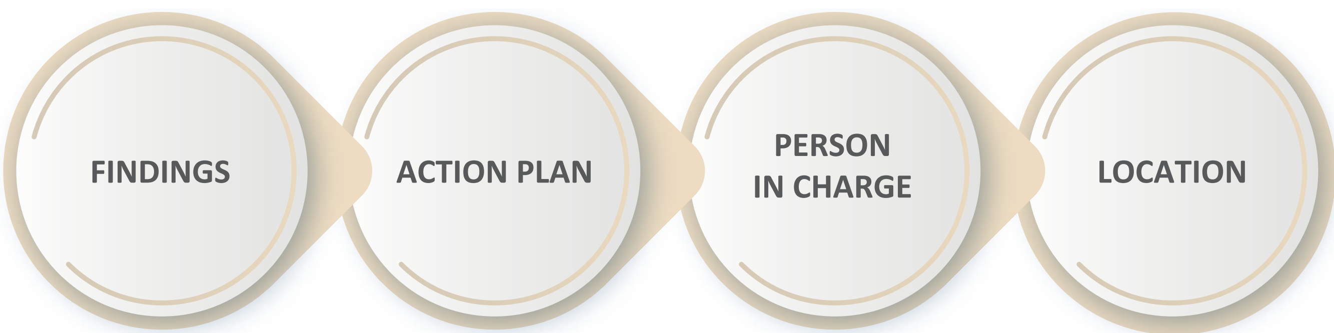


HSE STAKEHOLDER ENGAGEMENTS

The objective of our HSE stakeholder engagements is to impart the importance of HSE management. We believe that by doing so, appropriate measures will be implemented at all levels across the organisation. The HSE Committee develops the necessary actions and determines whether such actions should be added to the HSE assessment based on the engagement results.

HSE Management Site Walk

'Identifies opportunities for improvement and leads to better cooperation across the board'



The Top Management Walkabout resumed on 25 January 2022 after a pause of more than a year in compliance with the strict SOPs to curb the outbreak of COVID-19. GK established the management site walk as a way to raise HSE awareness through positive personal interaction which cannot be achieved from the desk.

SUSTAINABILITY STATEMENT
cont'd

During the management site walk, managers visit the field to observe work in-progress and pinpoint opportunities for further HSE enhancement. As a result, areas for improvement are identified, and cooperation is promoted between managers and employees. After the walkabout, the managers will share their findings, recommended action plans and instruct the person in change to rectify changes.

External Party Communications: The external parties consist of the local community, Non-Governmental Organisations, Non-Profit Organisations, local government and regulators. HODs respond to HSE concerns raised by the community and other interested parties within 24 hours of receipt. The HSE Committee and the Management will then review and determine the response and action plans.

Suppliers and Sub-contractor Communication: All vendors and contractors are informed of the prescribed HSE standards and requirements, and are obligated to submit their HSE management plans. All vendors are provided with the necessary system for reporting and investigating incidents and near misses.

HSE Toolbox Meetings and Induction Training

We spread supplemental HSE awareness amongst our employees, contractors and vendors during induction briefings for new workers and weekly departmental toolbox meetings.

HSE Toolbox Meetings
- PPE
- Housekeeping
- Work at heights
- Material storage & Handling
- Compliance
- Fire prevention
- Accident reporting
- Incident review

Toolbox meetings are on-site assemblies that are conducted at construction and manufacturing sites, attended by all workers, contractors and subcontractors. These meetings are designed to deeply inculcate the importance of HSE amongst our workers and amplify their awareness about environmental protection, workplace hazards, HSE compliance and regulations.

For this purpose, new employees, contractors and subcontractors undergo induction training. This is particularly helpful for acclimatising on-site employees and business partners by providing them with all the necessary information on HSE practices.

HSEQ Month

The Health, Safety, Environment and Quality ("HSEQ") Month was instituted in 2013 to improve the implementation of good HSEQ practices at GK. Each month, a stakeholder partner is invited to collaborate on the activity. The following is the list of programmes conducted in FY2023:

HSEQ Programmes	Stakeholder Partners
HSEQ Week Exhibition Booths At GK's invitation, government authorities set up booths at company premises to convey important information about HSE. The staff manning the booths carefully explained employees' rights, social security and health benefits, environmental awareness and local issues.	Department of Environment ("DOE") Department of Safety and Health ("DOSH") Social Security Organisation ("SOCSO") Malaysian Public Works Department ("JKR") Ministry of Health ("MOH") Local Authorities Employee Provident Fund ("EPF")

SUSTAINABILITY STATEMENT
cont'd

HSEQ Programmes	Stakeholder Partners
HSE Drills Emergency drills (such as firefighting, defensive motorcycle driving, chemical spills and Scheduled Waste("SW") handling are conducted in collaboration with stakeholders to inculcate HSE consciousness amongst the employees.	Fire & Rescue Department Police Department Private Groups and Government Hospitals Employees and Contractors
Health Screening Eye check-up, blood screening, bone density examinations were conducted in partnership with local hospitals during the health screening month.	MSU Medical Centre Subang Jaya Medical Centre Columbia Asia Kelana Jaya Medical Centre
HSE Training & Seminars Government authorities and business partners were invited to hold training, talks and seminars on specific issues on HSEQ.	CERT Academy Malaysian Green Technology and Climate Change Corporation Fire and Rescue Department
HSE Awards, Competition and Activities Best OSH Employee Award 5S BMI challenge Games (Bowling, Ping pong, Futsal & Badminton)	GK Sports Club ("GKSC") HSE committee CIDB Malaysian Society for Occupational Safety & Health ("MSOSH")
Community Programmes The yearly blood donation drive during HSEQ month brings the community inside GK.	National Blood Bank
Safety Walk/Inspection	Top management, HSE committee and Standards and Industrial Research Institute of Malaysia (SIRIM).

HSE COMPLIANCE AND PERFORMANCE

The Group conducts necessary monitoring and audit of HSE performance to ensure regulatory compliance with DOE and OSH standards. This includes monitoring air emissions, discharge of effluents or silt into waterbodies, biodiversity and noise levels and health and safety incidents.

We have successfully adhered to all pertinent HSE regulations in the year under review and the three years of performance included in this report. We have maintained a zero-non-compliance record and have not been imposed with any fines or penalties in all our operational activities that may exert environmental, health and safety impacts.

Our business divisions fully comply with the Occupational Health and Safety Act 1994, the Factories and Machinery Act 1967, the Prevention of Infectious Disease Act 342 and its related regulations, as well as the Occupational Health Notification of Accident and Dangerous Occurrence.

We also fully abide by the Environmental Quality Act 1974 and all relevant regulations pertaining to the prevention, abatement, control of pollution, air and water emission waste management and enhancement of the environment. We have not exceeded the regulatory emissions from our Manufacturing or Construction divisions and have not negatively impacted biodiversity in all our operations.

SUSTAINABILITY STATEMENT
cont'd

HSE IN THE SUPPLY CHAIN

All GK suppliers and vendors are required to support, participate and cooperate in the Groups ISO, 5s, CSR and HSE activities. All accepted vendors and suppliers are provided with HSEQ induction and special training applicable to their job scope. They are also furnished with copies of the company policies to ensure that they understand the responsibilities and HSE occupational risks that they will encounter in performing their jobs.

All members of our supply chain are vetted against their HSEQ capability and must show evidence of compliance and documented conformance of the GK requirements shown below:

- Capability in identifying HSE aspects and risks
- HSE risk documentation of product supplied
- HSE Plans and ISO Standards
- HSE Corrective actions
- HSE Standard Operating Procedures ("SOP")
- Understanding of local language and English
- HSE Policies and Programmes

Our supply chain is reviewed and audited on an annual basis or when non-conformance occurs. The reassessment is benchmarked against the previous assessment to validate any improvements and decide on future action plans for managing risks and opportunities. The supplier assessment summary is discussed during the management review. Below are the key performance indicators that we apply to measure our partners' work performance. The assessment results are presented during the Management Review Meeting ("MRM") every September. The cut-off period is July.

	PERFORMANCE METERING		
YEARLY TARGET	FY2022	FY2021	FY2020
Supplier Assessment Score: Yearly Target is > 80%)			
Supplier Assessment Score: Vendor quality monitoring based on			
(i) On-time delivery (ii) No HSEQ or Non-conformance /Corrective Action Request issued (iii) Continual improvement (iv) Overall service & responsiveness.	91%	91%	90%

ENVIRONMENT

Environmental protection is one of the Group's main priorities. We are resolute in reducing and possibly avoiding our environmental impacts, and have thus established a Sustainability Policy which reinforces our Environmental Policy to strengthen our commitment towards a sustainable future further.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENTAL POLICIES AND COMMITMENTS

ENVIRONMENTAL POLICY

Our policy embodies the following:

- Regulatory compliance
- Continuous improvement
- Stakeholder engagement
- Environmentally friendly solutions and efficiency
- Training and resources
- Targets and performance

Environmental Commitments

Our environmental commitment encompasses the protection of all aspects of the earth's environment: air, soil, water and the atmosphere. We aim to deliver on our commitments by working towards:

- Establishing an effective environmental management system and continually implementing improvement initiatives.
- Setting environmental performance targets and conducting periodic reviews.
- Ensuring the participation of interested and impacted stakeholders through frequent collaborations and training.
- Supporting the government's national policies on climate change, biodiversity and other agenda relating to environmental protection.
- Adopting international principles in protecting the ecosystem.
- Putting in place initiatives that will adapt our operations and mitigate any negative impacts associated with climate change, biodiversity, water and natural resources.
- Allocating resources and creating collaborative opportunities to improve efficiencies, such as practicing 3Rs (reduce, reuse and recycle) and making products more eco-friendly, to reduce our consumption of energy, water and natural resources.
- Managing and assessing our risks and opportunities to minimise or even completely eliminate water, ground and air pollution.

ENVIRONMENTAL TARGETS AND PERFORMANCE

Climate Change

We address and adapt to climate change by setting targets and reducing or avoiding waste, use of fossil fuels and efficiency as well as emissions. Combatting the challenges of climate change is important in protecting our planet and creating long-term, sustainable economic growth. We are one with Malaysia in striving to achieve the commitments made at the United Nations ("UN") Climate Change Conference 2021 ("COP26") and in adopting the industry trends in combatting climate change.

SUSTAINABILITY STATEMENT
cont'd

Climate Change Targets:

FY2025 Targets:	Baseline:	Applicability:
5% Reduction in energy consumption **10%** Reduction in Scopes 1 & 2 GHG emission	**FY2020**	**For the Metering division**

"I urge everyone to commit to this target to address climate change and reduce the impact of our operations on the environment."

Executive Director:
Bernie Ooi

Opportunities unexpectedly present themselves in times of hardship and challenges. When lockdowns were imposed during the height of the COVID-19 pandemic, people resorted to various solutions, such as digitalisation, e-commerce, remote working, video conferencing and food home delivery, in order to cope with the changes. These practices have become the norm during the endemic phase and are expected to be retained. Russia's invasion of Ukraine has led to an energy crisis, which then turned into an economic crisis. This situation has intensified the necessity to develop renewable energy.

Similarly, climate change has been affecting the world and our work practices in many ways. These changes have become impossible to ignore, as their impacts can be observed in all industries and business sectors.

At GK, we have consistently upheld environmental protection for many years. In the year under review, we created a roadmap in response to the Task Force on Climate-related Financial Disclosure ("TCFD"). GK will use the TCFD framework to address, reduce and avoid the effects of climate change.

Climate Change Governance

The Sustainability Committee has integrated climate change in our sustainability approach. The Management has proposed a 5% reduction in energy consumption plan to the BOD. This target was approved by the BOD as GK's initial commitment to climate change, and our performance will be reviewed and monitored yearly. Starting from FY2023, ESG key performance indicators ("KPIs") have been implemented for all senior executives' weightage.

Climate Scenarios

A recent study provides new evidence that global warming is on track to reach 1.5 degrees Celsius above pre-industrial averages by the early 2030s. To understand the risks associated with this eventuality, we have assessed a number of qualitative scenarios and explored the potential range of climate change implications on our business and operations.

SUSTAINABILITY STATEMENT
cont'd

Market and Technology Shifts

The construction industry is responding to the effects of climate change by switching to green buildings. Though green material is certainly more sustainable, it requires additional accounting for construction materials and project costs. Compared with traditional buildings, green buildings are more expensive to build.

The manufacturing industry is also moving towards green materials, energy efficiency and renewable energy.

Reputation

We are extremely proud to be one of the best ESG practitioners in Malaysia. Therefore, we cannot lag behind our peers in addressing climate change.

Government and stakeholders are advocating for transparent climate change reporting. They are watchful of companies that do not provide information about their environmental impacts and climate change mitigation strategies.

Policy and Legal

Climate change is a significant global issue, and the international community has been in recent years strongly calling for changes in the national policies.

Malaysia increased its mitigation ambition with an unconditional target to cut carbon intensity against GDP by 45% by 2030 compared to the 2005 levels. These updated targets will force changes in policies. These changes can already be seen in the amendment of MCCG in 2021 and the revision of the sustainability guidelines by Bursa in 2022.

We expect many adjustments in policy and legal implications in the future.

Physical risks

The implications of a 1.5 degrees Celsius increase in global warming can significantly impact construction job sites. For example, construction crews may need to extend work hours to compensate for extreme temperatures or, in some cases, due to severe daytime weather.

Unseen costs could arise, such as an increase in workers' compensation, salary and benefits because of a more challenging work environment.

Climate Risk Management and Strategies

Moving forward, we will identify and analyse the potential scenarios and incorporate strategic planning and enterprise risk management processes. We will evaluate the resiliency of our strategic plans against a range of scenarios and identify options for bolstering GK's business resiliency to climate-related risks and opportunities by adjusting our operational and financial plans.

Metrics and Target

In FY2022, we have started to measure our GHG scope 1 and 2 emissions. With this accounting, we have come up with a realistic, achievable and sector aligned 2025 target of 5% reduction in our energy consumption in our Metering division with FY2020 as the baseline. From this initial target, we intend to broaden our goals and scope to expand our contributions to addressing climate change.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENTAL TARGETS

Consistent with our Environmental Policies and Commitments we have set ambitious targets and assessed our corresponding performance.

Targets are verifiable evidence that prove that we have actually met the objectives of ISO 14001. Each target is reviewed yearly until the target's completion in three years. The KPIs that we use to measure our environmental performance are reviewed during the Management Meeting Review every September, with July being the cut-off period.

GROUP ISO 14001 ENVIRONMENTAL TARGETS AND PERFORMANCE

Objectives	TARGET	FY2018 -20 Performance	FY2021 Performance	FY2022 Performance	FY2023 Performance
Comply fully with all applicable environmental laws and regulation	- Zero environmental fines or penalties from authorities	100% achieved	100% achieved	100% achieved	100% achieved
Monitor surrounding air and water quality, as well as noise and vibration levels	- Zero non-compliance reports - Test results fall within acceptable limits of the Environmental Quality Act	100% achieved	100% achieved	100% achieved	25% achieved
Adopt environmentally friendly solutions and reduce waste	- Maintain environmental accreditations - Organise or participate in environmental campaigns	Maintained ISO1 4001 status No participation due to the pandemic	Maintained ISO1 4001 status No participation due to the pandemic	Maintained ISO1 4001 status	ISO1 4001 recertification
Monitor environmental impacts using trained and competent personnel	- Four environment-related trainings per employee per year	Achieved	No participation due to the pandemic	25% achieved	50% achieved (2 Training sessions attended)
Raise awareness in environmental issue at worksites	- Four top management walks per year to identify and address environmental issues	Achieved	No participation due to the pandemic	100% achieved	100% achieved

SUSTAINABILITY STATEMENT
cont'd

FY2020-FY2025 TARGETS

Shown below are the Group's long-term targets based on the **FY2022** environmental indicator with respect to the production output. The FY2020-FY2025 targets are not applicable to the Construction division, given that their emissions are based on the progress of new projects. If the targets are deemed possible and achievable by the Sustainability Committee, then they will be raised to even more ambitious goals.

FY2020-FY2025 TARGETS	GUIDING PRINCIPLES	Achievement in FY2023
10% reduction from FY2020 levels in greenhouse gas emissions by FY2025 for Scopes 1 & 2 *(Applicable for the Metering division only)*	• Climate Change • Pollution	Scope 1: 63.7% reduction Scope 2: 20% increased
Organisation and staff engagement in environmental programmes (Annually)	• Climate Change • Pollution • Water Security • Natural Resources	Monthly toolbox incorporated with ESG elements
5% lower water usage by FY2025	• Water Security	Implemented the Rainwater Harvesting ("RWH") programme to collect rainwater for washing corridors and watering plants. The quantitative achievement will be disclosed in the next annual report.
5% lower energy usages by FY2025 *(Applicable for office only)*	• Climate Change	YTD 17% increase in energy usage as a result of increase in production output to meet higher demand.

GHG Emission

In FY2022, we diligently tracked and calculated our emissions to obtain a baseline for our target of 10% reduction of greenhouse gas (GHG) emissions by FY2025.

In the year under review, the 63.7% reduction in Scope 1 GHG emissions is due to the decreased activity of the Project Engineering division as our two most recently completed projects had been handed over at the beginning of last year. The company vehicles used in these projects have also been returned and are therefore not reflected in this report. In addition, the natural gas (manufacturing) used for heating up the billets was partially replaced with an electric induction furnace to stabilise the heating process, thereby minimising the reject issue of hot forging. As a result, the direct CO_2 emissions of our processes/activities are lower than our initial targets. Furthermore, we have no ongoing projects (engineering) that contribute to Scope 1 emissions. However, the data for FY2024 may vary from that of FY2023 if we secure any projects in the near future.

SUSTAINABILITY STATEMENT
cont'd

The 20% increase in Scope 2 GHG emissions is due to the introduction of an electric induction furnace and the increase in machinery at KPP. The spike in the electricity bill of the plant is proportionate to the total output of GK meter products for FY2023.

GHG EMISSIONs (tonne CO_2e)						
Period	Engineering		Manufacturing and Office		Total	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
FY2023	0	0	149.3	1050.2	149.3	1050.2
FY2022	17.0	12.5	411.4	862.3	428.4	874.8

Definition and Coverage
Scope 1: *Direct CO_2 emissions that are emitted from sources owned or controlled by our organisation, such as from combustion of light fuel oil and diesel.*
Scope2: *Indirect CO_2 emissions that are consumed by our organisation, such as purchased electricity for factories and project use.*

GROUP ENERGY CONSUMPTION			
	MANUFACTURING and HEADQUARTERS		ENGINEERING
PERIOD	Electricity (kWh)	Natural Gas (Sm3)	Electricity (kWh)
FY2023	5,430,974	105,544	*0
FY2022	4,629,559	205,337	18,066
FY2021	3,669,592	147,709	19,727

Coverage: 100%
* *All engineering projects were completed and handed over in FY2022. Therefore, there is no recorded GHG emission for the Construction division in FY2023.*

Energy Management and Efficiency

In all our operations, we have implemented initiatives to reduce our energy usage and consumption of fossil fuels. In the manufacturing operations we have stabilised the heating process to minimise the reject issue at hot forging process, reducing energy consumption.

Natural gas is utilised in the manufacturing process and for canteen use. On the Production Floor, shifts have been reorganised to enable more machines to be operated during the low-tariff period. We have replaced old lighting systems with energy-saving LEDs in the manufacturing plant and office block. We have reduced our diesel consumption by material planning and delivery consolidation.

To further conserve energy, we are continually inculcating in our staff the habit of switching off lights, air-conditioners and other electrical appliances when the office space is not in use. Our corporate office and meter production facility are situated on the same grounds. Master metering is thus used to measure the energy consumption of both sites, with 75% of energy costs apportioned to the Metering division. Shown on the table above is our energy consumption covering 100% of our operation.

SUSTAINABILITY STATEMENT
cont'd

Renewable Energy

Solar energy plays a substantial role in achieving sustainable development energy solutions and our GHG emission target. The BOD has approved the proposal to install solar panels at GK's premises and manufacturing plant to decrease our energy consumption and subsequently reduce GHG emission. The contract amounting to RM1.77 million for the installation of the solar photovoltaic (PV) power system has been awarded on 30 April 2023. The project has commenced in May 2023 and is expected to complete in December 2023. Annually the initiative is estimated to:

- Generate 806,650kWh
- Decrease GHG emission by 515 tonnes
- Reduce energy expenses by RM448,999

GHG reduction = 806,650 kWh/year x 0.000639t/kWh = ***515.4 tonnes/year****.*
(1MWh = 0.639tCO2; source: https://www.seda.gov.my/statistics-monitoring/co2-avoidance/)
Tariff savings = 806,650 kWh/year x (RM0.355/kWh peak tariff + RM0.20/kWh ICPT) = RM447,691/year

Other Emissions

The manufacturing process of the Metering division emits limited hazardous air pollution and we have installed chimneys to filter the dust particles in the air emitted to the environment.

The air emission levels at all our operational sites comply with regulatory standards and within the prescribed emission limits as shown below.

AIR EMISSIONS							
MANUFACTURING mg/m^3						Engineering HPJ	Engineering HTK
PERIOD	Solid Particles	NO_2	Lead, Pb	SO_2	VOC	Total Suspended Particulates (µg/m^3)	Total Suspended Particulates (µg/m^3)
FY2023	0.2	1.88	0.003	20.9	0.08	0	0
FY2022*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FY2021	0.2	6.09	0.003	5.64	0.08	56.3	23.5

** For the year 2022 (April 2021 – Mar 2022), the air monitoring inspection was postponed due to pandemic. Therefore, no data is available.*

WASTE AND MATERIAL MANAGEMENT

Our commitment to reduce waste and use of natural resources is shared by our Research and Development Department. It is finding ways to enhance material resource efficiency by assessing the environmental effects of our activities and identifying the aspects that can impact the environment. It is also developing ways to improve or adopt optimisation techniques and identify areas of major inefficiencies to maximise the use of materials. The disposal of scheduled or hazardous waste follows the regulations prescribed by the Department of Environment (DOE) and Environmental Quality Act 1974.

SUSTAINABILITY STATEMENT
cont'd

In FY2023, we launched two waste-reducing initiatives: composting and no polystyrene campaign. The composting uses the Takakura method and vermicomposting to speed up the biodegrading process. The no polystyrene campaign is an expansion of our no plastic programme. These measures are expected to minimise and avoid food and gardening waste reducing landfill space.


Schedule Waste Management


Sustainable Development at GKM

NO MORE PLASTICS

UPCOMING ACTVITIES

PLOGGING

RESOURCE MANAGEMENT

Recycle Reuse and Reduce

We at GK are committed to reducing our consumption of natural resources, particularly virgin materials, primarily by practising recycling and reusing. The Metering division utilises brass as its main material for producing water meters. Brass cut-offs and rejects from the production line are sent to the material supplier for recycling into a recycled brass raw material.

'Brass: 100% recycled material'

Recycled Brass Input Material/ Metric Tons	
PERIOD	Brass
FY2023	508.51
FY2022	2,081.92
FY2021	2,442.48

At our construction sites, we demount durable modular form systems and reuse them in other projects to decrease the waste generated from formworks and scaffoldings. For health and safety reasons, we perform regular inspections to maintain scaffoldings and repair them as necessary for reuse in future projects. The reduced environmental impact of the construction division accounts for the completion of construction projects in FY2022.

We segregate our waste and apply the 3Rs approach (Reduce, Reuse and Recycle) in our operations. GK employees are enthusiastic about the "No More Plastics" initiative, which discourages the use of single-use plastics such as straws, cups and cutlery. This campaign aims to raise awareness about the harm caused by plastic waste and consequently encourage all the staff to reduce its use.

SUSTAINABILITY STATEMENT
cont'd

Period	RECYCLED WASTE (Tons)				
	Recycle Brass	Metal	Plastic	Paper Packaging	total
FY2023	968	20	3	12	1,003
FY2022	806	24	18	13	861
FY2021	715	17	3	19	754

WASTE GENERATION MT							
	Engineering		Manufacturing				
Period	N1 Scheduled Waste	N2 Non-Scheduled	N1 Scheduled Waste	N2 Non-Scheduled Waste	Total Scheduled Waste	Total N2 Non-Scheduled Waste	Total Waste
FY2023	0*	0*	25,365	17,127	25,365	17,127	42,492
FY2022	0.1	320	25,109	126	25,109	446	25,555
FY2021	0.4	1,320	11,323	455	115,323	1,175	116,498

N1 Scheduled waste: Hazardous waste
N2 Non-scheduled waste: Non-hazardous Waste

Resource Efficiency

The Engineering division utilises an Industrialised Building System ("IBS"), which refers to the local automation, mechanisation and prefabrication of components for Malaysia's building industry. The use of IBS at our construction sites has reduced our waste and minimised the use of raw materials, water and energy.

BIODIVERSITY PROTECTION

Consistent with our Environmental Policy and commitments, we have taken solid actions to restore and mitigate the biodiversity impacted by our operations.

When biodiversity is potentially impacted by new construction projects, we carry out EIA to establish a project biodiversity profile and carry out risk assessment. Flora and fauna baselines are established, and procedures on how to monitor, audit and mitigate especially at critical sites are created. Once the construction project is completed, post project biodiversity evaluation is performed to identify whether there was loss of biodiversity and formulate mitigation or restoration procedures. The biodiversity baseline and mitigation measures are submitted to the DOE.

Our environmental assessment for the year under review and for the past three years revealed that our operations have not exerted any negative impacts on biodiversity. None of our operational sites, either owned or leased, are located in or adjacent to protected areas or areas of rich biodiversity value. We had no water infrastructure projects for the past three years. Moreover, our current construction projects do not require biodiversity risk assessments, and the Metering division facilities are not located near or within biodiversity protected zones.

In line with our biodiversity target, we intend to engage and support the biodiversity schemes of local organisations and NGOs in the future.

SUSTAINABILITY STATEMENT
cont'd

WATER MANAGEMENT

Water Recycling and Harvesting

We strive to reduce our water consumption at all of our sites. The test bay of our Metering division uses a high volume of water to test the integrity of our water meters. To reduce water consumption, we have installed an underground tank that collects the water discharged from the tests for reuse in the next test cycle, of which 60,000 cubic meters of water are recycled every year. Also, water-saving devices are installed in washrooms to minimise the amount of water consumed.

At the construction projects, water is harvested from nearby drains, and rainfall is channelled to retention ponds used for water bowsers to wash away dust particles and cleaning trucks. Then, this water is again directed to the retention ponds and reused for the same purpose.

We have completed the Rainwater Harvesting project at our headquarters. The water is utilised to clean the walkway floor.

Water Withdrawal and Consumption

Our project sites and manufacturing facilities are not located near surface water sources and the sea. As such, no water is withdrawn or emitted to and from these sources, nor from underground water sources. Malaysia is not part of a water-stressed or scarce region. As such, there is no disclosure in this matter.

GROUP WATER CONSUMPTION (m^3)					
	Engineering and headquarters		Manufacturing		Group Total
Period	Municipal Water	N[2] Rainwater Harvesting	N[1] Recycled Water	Municipal Water	Municipal Water Use
FY2023	N[1]0	-	60,000	59,061	59,061
FY2022	21,780	0	60,000	49,694	71,474
FY2021	14,669	0	60,000	35,082	49,751

N[1] 60,000 cubic meters of water are recycled yearly by the Metering division's water recycling system.
N[2] The data will be projected in next year's report.

Water Discharge

The environmental impact of water emissions depends on the quality of the discharged water. Our discharge does not require treatment and is mainly emitted to the drains and subsequently flows to national wastewater and sanitation service. Our engineering and manufacturing facilities do not generate an intensive volume of water discharge because of our water recycling system at the manufacturing plant and our IBS and water harvesting systems at our construction sites.

In the year under review and for the past three years, there were no reported incidents of non-compliance with the local government rules and standards, and we have not been issued with any penalties relating to water supply and discharge.

SUSTAINABILITY STATEMENT
cont'd

GROUP WATER DISCHARGE (m^3)		
Period	**Public Drainage***	**Off-site Wastewater treatment****
FY2023	27,528*	0
FY2022	27,528*	0
FY2021	27,528*	0

* *Water discharged to the public drainage is calculated as per head basis and for the past years the bill stated the discharge of 27,528 m^3.*

** *GK does not generate contaminated water and thus there is no disclosure in this matter.*

HEALTH AND SAFETY

The Group's Occupational Safety and Health (OSH) standard is governed by our ISO 45001, HSEQ and Sustainability Policies. The OSH cut-off period of KPIs is July of every year. The KPIs are reviewed during the MRM every September and subsequently submitted to the Sustainability Committee.

Health and Safety Awards

The Malaysian Society of Occupational Safety and Health ("MSOSH") Awards have testified to our strong OSH performance at our manufacturing division.

GK OSH TARGET AND PERFORMANCE

The Group's OSH Target for FY2018-FY2021 was successfully achieved as shown below. We have set the same OSH target for the next three years. The KPIs for monitoring our OSH performance are reviewed during the Management Review Meeting every September. The cut-off period is July. As for the safe working man-hours, the Group decided to set an additional 1 million man-hours as the new target for FY2021-FY2024.

SUSTAINABILITY STATEMENT
cont'd

GK GROUP ISO 45001 OSH TARGETS & ACHIEVEMENTS			
Objectives	**Target**	**FY2018 to FY2021 Achievement**	**FY2022 to FY2024 Achievement**
Legal Compliance	Zero fine or penalties from authorities	100% Achieved	YTD 100%
Leadership	Minimum of 4 management site walks annually	100% Achieved	YTD 75% achieved
Risk and Opportunities Reduce risk and improve OSH performance and practices	90% compliance form OSH inspection and Audits	100% Achieved	Ongoing
Continual Improvement (Employees and Contractors)	100% Closure of all Non-Compliance Reports all internal and external audits with stipulated time frame (employees and contractors)	100% Achieved	Ongoing
Awareness and OSH hazards	80% Compliance to the training programme	100% Achieved	In Progress
Loss Time Incident (LTI) *LTI: Loss of working man-hours on the following day of the accident*	- 2018-2021 target: Continue to achieve 3 million safe working hours - 2021-2024: 4 million safe working hours - Zero fatalities	100% Achieved Zero fatalities	Set New target Zero Fatalities

HEALTH AND SAFETY (H&S) STATISTICS

Incidents reported will be investigated by trained personnel, and preventive or mitigating actions will be implemented. Data and trends gathered from these incidents will be reviewed critically to enhance existing HSE strategies and procedures.

Our H&S data are submitted to the Department of Occupational Safety and Health. The results of the environmental parameter testing conducted by third parties are submitted to the Department of Environment. The table below shows the environmental and OSH performance of GK's operations covering all employees of our business divisions, including contractors and subcontractors. The following disclosure is an Industrial Accidents Statistics record in compliance with Regulation 19(2) sub clause (c), OSHA 1994 and Reg.10, NADOPOD 2004.

SUSTAINABILITY STATEMENT
cont'd

HEALTH AND SAFETY STATISTICS (Coverage: All employees and Contractors)								
Period	Fatalities	LTIR*	IFR*	Severity Rate*	Ave. Working days/ Month	Total workdays Lost	Number of Occupational Disease	Average Contractors & Subcontractors/ Month
FY2023	0	0	0	0	21	0	0	15
FY2022	0	0	0	0	21	0	0	10
FY2021	0	0	0	0	22	0	0	15

** Number of regulatory non-compliance or fine from the Authorities*

$$\text{LTI Incident Rate} = \frac{\text{No. of Accidents}}{\text{Annual Average of No. of Employees}} \times 1{,}000$$

$$\text{Incident Frequency Rate} = \frac{\text{No. of Accidents}}{\text{Total Man Hours Worked}} \times 1{,}000{,}000$$

$$\text{Severity Rate} = \frac{\text{Loss Working Days}}{\text{Total Man Hours Worked}} \times 1{,}000{,}000$$

H&S TRAINING PROGRAMMES

The table below shows the external H&S training sessions conducted for the Metering and Engineering divisions in FY2023.

HEALTH AND SAFETY TRAINING	
TYPE OF TRAINING	Training Hours
Basic Occupational First-Aid	16
Conference On Occupational Safety and Health 2022	16
Emotional Wellness Day	8
FMM Webinar on Transition to Endemic - Government Regulation Updates & Minimum Wage	8
Training & strengthening of fire safety forces (ERT Team)	232
Managing Long Covid	4
OCC Safety and Health	8
Audiometric Screening, Diagnosing Occupational Noise Related Hearing Disorders ("ONRHDs") Diagnosis Step by Step	8
Occupational Safety, Health & Environment Unit ("OSHE") Sustainability during pandemic & Endemic	16
Safe Motorcycle Defensive Riding	1,920
Safe operation of handling equipment	17
Safety Induction by external trainer	
What Happens After COVID Act 829 Expires	4
Total H&S Training Hours	**2,664**
Number of Employees Trained	**239**

SUSTAINABILITY STATEMENT
cont'd

COVID-19 Prevention at the Workplace

We remain as vigilant as ever against new variants even as COVID-19 has transitioned into an endemic phase. We have collaborated with the government and civic leaders to formulate solutions that will support our stakeholders and curtail the spread of the new variants. We have adopted the new safety protocols and measures under the scrutiny of the Ministry of Health ("MOH") and the Ministry of International Trade and Industry ("MITI") for the safety of our employees.

We have put in place a business continuity plan to optimise our production capacity as well as implement COVID prevention measures so that our operations are guaranteed to continue in case of similar health emergencies.

EMPLOYEE

Our employees play a fundamental role in the growth and success of our business. The EESG material themes that most directly relate to our employees are Health and Safety, Training and Education, and Diversity and Inclusivity. To this end, we have created policies and collaborated with our stakeholders (such as employee unions and government agencies) to protect and develop our internal and external employees so that they can become valuable members and partners of the Group.

Human Rights, Inclusion and Diversity Policy

- Preventing and disallowing all practices of child labour, forced labour or modern slavery, excessive working hours, bullying or sexual and power harassment.
- Not tolerating any form of discrimination and respecting everyone's diversity in race, religion, gender, age, disabilities, nationality and ethnicity.
- Supporting freedom of association and the right to collective bargaining.
- Supporting equal opportunity and equal work for equal pay, as well as applying merit-based employment, skills development and promotion.
- Engaging with the stakeholders regarding human rights issues.
- Inculcating awareness and providing training to employees, business partners and the community.
- Establishing risk assessment on human rights impacts on an ongoing basis, as part of business processes.

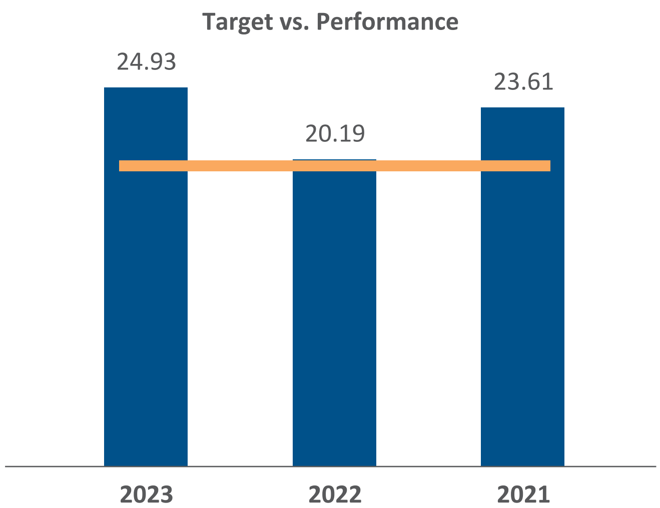
TRAINING AND EDUCATION

We maintain consistent efforts to attract, retain, and motivate our most important assets.

CAREER MANAGEMENT

Our employees undergo training courses that are not limited to their current job scope. We strive to produce well-rounded individuals whose knowledge and capabilities exceed their current responsibilities, allowing them to level up within the Group potentially. The training, seminars, and sponsored courses for career development and advancement programmes are described in detail in the employee handbook. The employees must keep the Company informed at all times of the progress of his or her studies and provide examination results to the Human Resource Department.

SUSTAINABILITY STATEMENT
cont'd



Target: 20 hours per employee per year
Performance: 24.93 hours
Total Training Hours: 9,251 hours (based on the number of employees in 2022)

The Group's training target and performance figures are based on the calendar year (1 January to 31 December). Our target was to allocate an average of 20 training hours for each employee per year. We are pleased to announce that for the past three years, we have exceeded this target. For the year under review, the achieved performance is 24.93 hours per employee per year.

Training and upskilling initiatives are conducted throughout the year, and the programmes are not limited to career advancement but are also targeted to provide holistic Economic, Environmental and Social learning experiences. The average training days per employee is 2.5 days.

The COVID-19 pandemic had entered the transition to endemicity in the financial year under review. As such, we have reverted to in-person training after close to three years of remote platform trainings to provide more hands-on learning. Although remote or online training has the benefit of flexibility and reducing costs, online trainings can never match the real feel of physical interactions and the human connection of a face-to-face engagement that promotes better communication. The training programmes in 2023 were as follows:

TRAINING PROGRAMMES	
Training Objectives	**Number of Training Hours**
Skills and education training for directors, managers, supervisors and operations team	6,162
Health and Safety training	2,664
Environmental training	232
Human Rights training	33
Bribery and Corruption	160
TOTAL Training Hours	**9,251**
TOTAL Number of employees trained	**901**

SUCCESSION PLANNING

We have established a robust Succession Planning Policy to create a leadership pipeline that will enable us to fill key management positions whenever they are vacated. This policy ensures our operational and service continuity. Under this strategy, employees are identified and honed for high-level management positions through mentoring, training and job rotations. Our managers are tasked with recommending potential candidates, and they must ensure that all selected successors possess the required skills to realise the Group's strategic plan.

SUSTAINABILITY STATEMENT
cont'd

REMUNERATION AND BENEFITS

We believe that nurturing the needs and welfare of our employees will translate to their improved overall wellbeing, raise their work productivity and lead to a shared commitment to the Group's success. We support the national minimum wage and our pay scale is above the minimum wage requirement benchmarked against industry peers. Additionally, we comply with the regulations in upholding equal pay and equal work.

Employees are entitled to comprehensive health and welfare programmes based on their length of service and position. Our remuneration package generally includes outpatient, hospitalisation and dental programmes, as well as applicable allowances. All employees are also covered with personal accident insurance.

Productivity-Linked Wage System ("PLWS")

The adoption of the PLWS is in line with GK's ESG-focused business approach. It is an effective gain-sharing method to create a dynamic shared prosperity towards organisation competitiveness. It also contributes to our equal opportunity approach.

The PLWS initiative began when it was initially incorporated into the 13th Collective Agreement ("CA") between GK and the Metal Industry Employees Union which commenced from 1 April 2017 until 31 March 2021 and was subsequently endorsed by the Industrial Court on 1 November 2019.

The PLWS was adopted permanently upon the agreement of both GK and the Metal Industry Employees Union upon the early conclusion of the 14th CA (1 April 2020 – 31 March 2023) on 8 July 2021. Our PLWS initiative has been recognised by the Ministry of International Trade and Industry ("MITI"), the Ministry of Human Resources ("MOHR") and the Malaysia Productivity Corporation ("MPC") through the Certification by the e-Shared Prosperity Organization ("ESPO") on 30 August 2021.

GK and the Metal Industry Employees Union signed a new CA on 29 May 2023. The 15th Collective Agreement incorporates the new provisions under The Employment (Amendment) Act 2022 which has officially came into force on 1 January 2023.

DIVERSITY AND INCLUSIVENESS

GK is an inclusive workplace that welcomes talented employees of diverse backgrounds. Our Code of Conduct upholds equal opportunities for everyone, and we have undertaken considerable actions to improve workforce diversity and equal opportunity.

Wellbeing and Inclusivity

At GK, we recognise the value of the diversity of our people and what such variety can bring to the table. Satisfied employees have a greater tendency to exhibit better performance. We make our employees feel appreciated by providing leave entitlements, such as compassionate, maternity and paternity, leave for important occasions and absences due to natural calamities and bereavement.

The Group condemns all forms of sexual harassment. We have established the Sexual Harassment Policy, which provides detailed descriptions of what accounts for sexual harassment, power harassment and the reporting procedures. Employees are expected to abide by this policy, and violators will be subject to appropriate disciplinary actions, which may include dismissal.

SUSTAINABILITY STATEMENT
cont'd

Celebrating Diversity

Malaysia is composed of multicultural and multi-religious demographics, and we are proud to be part of the celebration of many traditional and cultural holidays that honour religious, racial and ethnic diversity. During these holidays, our halls and offices are decorated with customary decors, and company gatherings are organised for employees to bond over a shared love for traditional dishes and exchange greetings. GK employees who are celebrating their cultural or religious holidays take longer leave to have ample time to return to their hometowns. Their colleagues take over their tasks in their absence.

GK Sports Club

The COVID-19 pandemic has changed the lives of people and organisations worldwide. Sports and social activities were hit hard by the pandemic. The GK Sports Club was forced to halt activities due to social distancing and lockdowns. Fortunately, the shift of COVID-19 into an endemic phase has reignited the GK Sports Club, with members raring to go and connect with their teammates and badminton partners.

Getting all the team members back in shape and ensuring that the sports club is run safely will not be an easy feat. However, we are confident that each team will forge ahead and abide by the endemic rules that we have put in place.

Left to right: Ping Pong Tournament, Badminton Tournament and Futsal Tournament

Our Workforce

GK is an inclusive workplace that welcomes talented employees of diverse backgrounds. Our Code of Conduct upholds equal opportunities for everyone. For FY2023, there are 254 employees. The decrease from the number of total employees in the previous year was due to the completion of our construction projects. The 41–50 and 51 & above age ranges still represent the greater portion of the employees at 95 and 80 respectively, accounting for 175 of the 254. The 31–40 and 21–30 age groups consist of 37 and 42 employees respectively. Male employees account for almost two-thirds of our workforce. This type of distribution is normal in our industry given the scope and nature of our operations.

Similar to the previous year, more employees are hired on a permanent than a contractual basis in both our Engineering and Metering Divisions. In particular, 154 out of the 156 employees of the Metering division are permanent employees. The ethnic composition of our 254 employees can be summarised as follows: 124 Malays, 78 Chinese, 48 Indians, and 3 foreign workers. Such breakdown is representative of Malaysian demographics.

SUSTAINABILITY STATEMENT
cont'd

The number of new hires is: 33 male and 18 female employees.

EMPLOYMENT TYPE FY2023	Engineering Division	Metering Division
Contractual	27	2
Permanent	71	154
TOTAL	98	156

EMPLOYMENT TYPE FY2022	Engineering Division	Metering Division
Contractual	**81**	**2**
Permanent	**93**	**198**
TOTAL	**174**	**200**
Staff with Disability	**0**	**2**

WORKFORCE By EMPLOYMENT LEVEL	FY2021	FY2022	FY2023
Executive & Senior Management	17	15	14
Management	43	40	26
Professionals	6	10	9
Professional Support	87	28	35
Administration	135	98	46
Operations	84	183	124
Total	**372**	**374**	**254**

AGE CATEGORY			
	FY2021	FY2022	FY2023
Age Bracket	**Number of Employees**	**Number of Employees**	**Number of Employees**
20-30	64	68	37
31-40	71	69	42
41-50	134	125	95
51 & above	103	112	80
Total	**372**	**374**	**254**

ETHNIC COMPOSITION			
Ethnicity	**Number of Employees FY2021**	**Number of Employees FY2022**	**Number of Employees FY2023**
Malay	199	194	124
Chinese	100	102	78
Indian	70	75	49
Foreign Workers	3	3	3
Total	**372**	**374**	**254**

SUSTAINABILITY STATEMENT
cont'd

In FY2023 we appointed one female Independent Director. Two out of the six BOD members are female directors, or 33.33%, which is greater than the prescribed corporate governance practice of at least 30% female Directors.

FEMALE REPRESENTATION						
Period	**FY2023**		**FY2022**		**FY2021**	
Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Board of Directors	4	2	5	1	5	1
%	67%	33%	83%	17%	83%	17%
Executive & Senior Management	14	3	11	4	13	4
%	84%	16%	73%	27%	76%	24%
Managers	25	6	42	7	36	7
%	81	19%	86%	14%	84%	16%
Executives	95	53	54	52	76	50
%	64%	36%	51%	49%	60%	40%

EMPLOYEE RETENTION BY GENDER						
Period	**FY2023**		**FY2022**		**FY2021**	
Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Number of Employees	166	88	244	130	227	145
Employee Turnover Rate	49.40%	67.05%	27.56	26.92%	8%	4%
Full-time Staff Voluntary Turnover Rate	13.86%	34.09%	25.71%	20%	N/A	N/A
Number of New Hires	33	18	60	22	12	18
Number of Resignations	82	59	70	35	18	6

EMPLOYEE RIGHTS AND COMPLIANCE

The Group respects the employees' rights to freedom of association and collective bargaining in compliance with the pertinent labour laws and regulations. Given that GK is a unionised company, the management meets with employee representatives to discuss and collaborate on health and safety, career development, working hours, wages, and other important issues.

The HR Assistant General Manager, Manager and personnel attend seminars and workshops on human rights and employee wellness conducted by the government, NGOs and employee associations. Information from these meetings is communicated to the management and stakeholders through different physical and online platforms.

SUSTAINABILITY STATEMENT
cont'd

List of Employee Rights, Human Rights, and Employee Compliance Training attended in FY2023
Amendments to the Employment Act 2022
Seminars on Implementation of Minimum Wages Order
Investment & Retirement Conference 2022
FMM Selangor & Kuala Lumpur HR/IR Forum 2022
Seminar on Sexual Harassment at Workplace
Importance of People Management Skills in Driving Performance
Global Estimates on Modern Slavery
National Employment Law Conference 2022
Human Resource/Industrial Relations (HR/IR) Forum
Industrial Engagement Between Union and Employer
Emotional Wellness Day
Important Industrial and Higher Court Decisions of 2021
Dealing with Claims of Constructive Dismissal

The Group's employee handbook has in-depth explanations of the company policies. The handbook covers the Employment Act 1955, employee rights, entitlements, benefits, opportunities and training, office hours, workplace safety, bullying, harassment and other work-related issues, and detailed reporting procedures and complaint mechanisms. The handbook is downloadable from the Company's website, and new recruits must acknowledge receipt of a copy. The handbook is updated accordingly in tandem with amendments on relevant legislations and policies.

CUSTOMER

We place our customers in high regard, and our goal is to consistently provide the best products and services for their satisfaction. Attaining this goal is one of our metrics in formulating measures for further improvement.

QUALITY

Adherence to strict national and international standards and specifications is crucial in our industry. Thus, we exert great efforts in delivering only the best products and services.

QUALITY MANAGEMENT STANDARD

Our engineering and metering solutions are ISO 9001:2015 certified, demonstrating our ability to produce top-of-the-line products and services.

We have built a good international reputation for quality and precision in the water meter industry. Our products conform to the international technical requirements of ISO 4064, the British Standards ("BSI") and the Malaysian Standard ("MS"). In addition, our water meters are rated ISO Class 'C', which is the preferred standard locally and internationally.

The Group's quality objectives emphasise our core value of customer satisfaction. We always aspire to meet and, if possible, even exceed our customers' expectations.

SUSTAINABILITY STATEMENT
cont'd

CUSTOMER PRIVACY

We abide by the Malaysian Personal Data Protection Act 2010 ("PDPA"), which protects the private data of our customers, partners and other stakeholders. We also strictly uphold the non-disclosure agreements that we sign with our customers.

COMMUNITY

Our success is strongly intertwined with the welfare of the communities where we produce and offer our products. We provide opportunities to integrate policies and actions to make a difference and stand out amongst the national and global business community. We prioritise local hiring and sourcing to demonstrate our commitment to enriching the livelihood of the local communities where we operate.

SUSTAINABILITY POLICY

Our operations play a crucial part in the economic development and in raising the quality of life of the community.

COMMUNITY COMMITMENTS

As community partners, we foster meaningful long-term relationships that respect diversity and create lasting benefits through the following:

- Local sourcing and hiring
- Improve the quality of life of the communities
- Employee engagement with the communities
- Due diligence prior to any programme in a community
- Maintain an open dialogue

EDUCATION PROGRAMMES

GK's education programmes show our commitment to creating long lasting benefits aligned with our community policy. The hiring of local professional talents is also consistent with the national agenda. The objective is to invest in a platform where young Malaysians can gain new skills and improve their existing ones in engineering, construction, and manufacturing.

George Kent Tertiary Education Scholarship

The flagship project of our education programmes is the George Kent Tertiary Education Scholarship. The scholarship fund was established to support eligible Malaysians who aspire to pursue tertiary education. This initiative is aligned with Malaysia's target to become a high-income nation. Since its inception, we have invested RM351,676.00 in our scholarship fund.

Professional Training and Education for Growing Entrepreneurs

Professional Training and Education for Growing Entrepreneurs ("Protégé") is an entrepreneurial training programme for youth mentorship and development. In partnership with industry experts, Protégé aims to produce a pool of strongly competitive job creators and skilled job seekers that will supplement the demands of the current industry.

SUSTAINABILITY STATEMENT
cont'd

Internship

Our internship initiative offers eligible students from diverse backgrounds the opportunity to acquire direct practical experience in the fields of engineering, construction and manufacturing. Todate, we have hired eight employees from the internship programme.

EDUCATION PROGRAMMES			
Period	**FY2023**	**FY2022**	**FY2021**
George Kent Tertiary Education Scholars (Number)	2	2	2
Amount Spent (RM)	28,851	56,631	49,042
Number of Protégé Trainees	22	33	21
Amount Spent (RM)	214,462	558,322	215,963
Number of Interns	25	32	13
Amount Spent (RM)	45,412	43,242	14, 385
Total Amount Spent	**288,725**	**658,195**	**279,390**

Synergistic Partnership with University of Technology Sarawak

On 7 June 2023, GK entered into a Memorandum of Understanding ("MOU") with University of Technology Sarawak ("UTS") to foster close collaboration in human capital development and related activities. This strategic partnership aims to establish a mutually beneficial relationship built on academic and industrial cooperation in line with GK's commitment to corporate social responsibility (CSR) and strengthening our reputation as a responsible corporate citizen.

UTS is an institution of higher learning established under Private Higher Educational Institutions Act 1996, which strives to enhance and strengthen its research capabilities and has taken various initiatives to complement its educational excellence. UTS is committed to producing industry-ready graduates and conducting impactful research that addresses societal challenges.

SUSTAINABILITY STATEMENT
cont'd

Under the MOU, both parties aim to cooperate on amongst others (a) the development and conduct of academic, professional and industrial training programmes; (b) exchange technical know-how and advisory; (c) carry out joint research, innovation and teaching activities as well as (d) jointly participate in course improvements and delivery. As a leading industry player in the water meters business, GK will combine its expertise with UTS to design and deliver comprehensive training programs which includes practical and on-the-ground training with job experience that address the evolving needs of industries. This initiative will bridge the gap between theoretical knowledge and practical application, empowering graduates with the skills required to excel in both the water industry and engineering fields.

Career Talk

GK participates in the yearly UTM Talent and Competency Management (TCM) Career Expo organised by Universiti Teknologi Malaysia (UTM). The programme's main objective is to equip UTM students with job interview skills that they can apply in actual scenarios. The Career Expo also gives students and employers a chance to meet one another, establish professional relationships, and explore potential job and internship opportunities. In this year's expo, GK conducted five sessions of career talks and mock interviews attended by more than 50 UTM students and graduates. The session received overwhelming response from the participants.

VOLUNTARY ENGAGEMENTS AND COLLABORATIONS

In line with our commitment to actively engage with the community, GK initiated and also participated in several community programmes such as the Bubur Lambuk distribution during Ramadan and Zakat Selangor's CEO Run among others, to build closer relationships with the people. The participation of our staff and employees in these community events are voluntary.



Left to right: Ministry of Human Resources bowling tournament, Zakat Selangor CEO Run, Bubur lambuk distribution

Community Health and Safety:

The inherent and occasionally inevitable hazards in construction sites are dust, noise, soil erosion, waste, traffic congestion, floods, stagnant water, and pedestrian accidents. At the start of every project, we evaluate the community impacts and incorporate strategies that would ensure the safety and health of nearby communities. Our metering plant is located in the industrial zone, and we abide by the stringent HSE monitoring and design policies for factories in the factory zone.

We see to it that our activities do not in any way harm the health and safety of our workers, the local area, the natural resources and the surrounding environment.

SUSTAINABILITY STATEMENT
cont'd

Professional Membership and Associations

GK's collaborations with professional memberships and associations have provided a forum for consultation and discussion amongst co-members on matters of common interest. These partnerships have resulted in the adoption of sound principles and practices on health and safety, human rights, human resources, industrial skills training, research and information, and other activities.

- Malaysian Employers Federation ("MEF")
- Master Builders Association Malaysia ("MBAM")
- Malaysian Society of Occupational Safety and Health ("MSOSH")
- Federation of Malaysian Manufacturers ("FMM")

Local and National Government

Smart City: We remain committed to advance our digital agenda and continue our exploration into the digital space, having signed a Memorandum of Understanding with Maxis to be a part of their Smart City blueprint. This strategic partnership has paved the way for our Automated Meter Reading ("AMR") solution in meeting the needs as well as sustaining our relationship with state water authorities.

Construction Industry Development Board: GK is working in partnership with CIDB, a government body, to develop the capacity and capability of the construction industry through the enhancements of social and environmental issues, certifications, accreditations and training programmes.

International Community

GK participated in the Asia Water 2022 exhibition, which was held at the Kuala Lumpur Convention Centre on 7-9 July 2022. The Asia Water exhibition is a biennial regional water and wastewater event which was last held in 2018.

SUSTAINABILITY STATEMENT
cont'd

HUMAN RIGHTS

Malaysia has constitutionally declared its support of international conventions such as the Universal Declaration of Human Rights and the International Labour Organisation Core Convention. GK is one with Malaysia in fulfilling these commitments. That is, we have made decisive and concerted efforts to ensure that human rights are protected across our organisation.

Unlike other sectors, our business and operations are not exposed and impacted by child labour. Nevertheless, our policy addresses this issue, and our purchasing department is vigilant in addressing child protection and supply chain human rights violations in our suppliers' criteria vetting and audit. The Group and our suppliers abide by the regulations on child labour that are specified in the Children and Young Persons (Employment) Act 1966.

Each of our workers carry an identification card, and only those with ID cards can enter the workplace. This ensures that no children are employed at our business premises.

Human Rights Training

The Human Resource Department is responsible for protecting the human rights of everyone across the Group. Managers and staff of the human rights department attend seminars conducted by NGOs and the government to ensure that their knowledge is up-to-date. They make sure that such knowledge is cascaded across the Group. The seminar topics include sexual harassment, modern slavery and labour relations.

Migrant Workers Welfare

10 REDUCED INEQUALITIES

The reliance on foreign workers especially in the manufacturing and construction sector has drawn great attention in human rights violations. In recognition of these vulnerabilities, we have committed to the SDG 10. Specifically, we have ensured that our migrant workers have access to essential services and social protection.

To deliver on this promise, all of our hostels for our foreign workers have been inspected and have been accredited with three (3) years certification in adherence to Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446). The regular inspections of the migrants lodging houses and amenities are included in our health and safety inspections and audit.


PERAKUAN PENGINAPAN

The salary received by our migrant workers is based on the 'Guidelines on the Implementation of the Minimum Wages'. The National Wages Consultative Council Act 2022 (Act 732) also requires our subcontractors to comply with all relevant immigration laws in their recruitment of foreign labour.

To ensure that immunity against COVID-19 can be maintained for an optimal period despite the emergence of variants, migrant workers are administered with booster shots under the government's COVID-19 programme.

SUSTAINABILITY STATEMENT
cont'd

Grievance Channel and Resources

The Group has formalised an SOP for the engagement with the community.

Human rights violation is an ethical and compliance issue addressed in our Sustainability Policy. The grievance mechanism and procedures of the Whistle-blowing Policy are detailed on our website.

Human rights violation is an ethical and compliance issue addressed in our Sustainability Policy. The Executive Director oversees the communication, implementation and compliance of the Sustainability Policy. Grievances with regards to human rights violations under the policy may be reported to respective Heads of Department and may be escalated to the Human Resource Department or Executive Director where necessary. In the year under review, there has been no violation received regarding human rights issues.

Since the Group was established, there has been no incidence or report of sexual harassment, discrimination, modern slavery and other human rights violation from our stakeholders. We have maintained a zero-non-compliance record and have never been imposed with fines or penalties in our operational activities relating to the rights of employees, migrant workers, children and the community. This holds true for the year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of George Kent (Malaysia) Berhad ("the Company") is committed to ensuring high standards of corporate governance throughout the Company and its subsidiaries ("the Group") and endeavours to ensure consistency of policies and procedures across the Group, regardless of geographical region as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

The Board is pleased to present this Corporate Governance Overview Statement ("CG Statement") for the financial year ended 31 March 2023 ("FYE 31 March 2023) in respect of three (3) principles, i.e. Board Leadership and Effectiveness, Effective Audit and Risk Management, and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The CG Statement shall be read together with the Corporate Governance Report which set out how the Company has applied each practice set out in the Malaysian Code on Corporate Governance 2021 ("MCCG") during the FYE 31 March 2023. Where there is a departure from a practice, explanations for the departure and alternative practice adopted to achieve the intended outcomes are also disclosed in the Corporate Governance Report. The Corporate Governance Report is available on the Company's website at www.georgekent.net.

As at the date of the CG Statement, the Company has adopted and applied all the recommended practices in the MCCG except for four (4) practices, i.e. Practices 1.4, 5.2, 5.3 and 8.2 as provided and explained in the Corporate Governance Report.

The Board will continuously evaluate and strengthen the existing corporate governance practices and processes in line with the recommended best practices to ensure long-term sustainability for the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Roles and Responsibilities of the Board

The Board is responsible for the oversight and overall management of the Company. It is accountable for the performance of the Company and the promotion of the legitimate interests of the Company, its shareholders and other stakeholders.

The Board delegated certain responsibilities and duties to the Board Committees, namely Audit and Risk Management Committee, Remuneration Committee and Nominating Committee. All the Board Committees discharge their duties and responsibilities within the terms of reference approved by the Board.

The Board reserves a formal schedule of matters for its decisions to ensure firm control over the Group's strategic direction. The authority matrix clearly delineates the relevant matters and applicable limits that require the Board's approval and which the Board may delegate to Management.

Role of the Chairman, Executive Director, Independent Directors and Senior Independent Director

The Chairman of the Board is a Non-Independent Non-Executive Director. He plays a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders. The Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

The Executive Director, supported by Senior Management, implements the Group's strategic plan, policies and decisions adopted by the Board and oversees the operations of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

I. Board Responsibilities *cont'd*

Role of the Chairman, Executive Director, Independent Directors and Senior Independent Director *cont'd*

The Independent Directors provide unbiased and independent views, advice and judgement to fulfil a pivotal role in corporate accountability. Their presence serves as a check-and-balance mechanism in the discharge of the Board's functions, as all decisions by the Board are made on consensus.

The Board has appointed Dato' Ahmad Khairummuzammil Bin Mohd Yusoff as Senior Independent Non-Executive Director, to whom concerns may be conveyed by shareholders and other stakeholders.

Company Secretaries

The two (2) in-house Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, the Board's policies and procedures and compliance with the relevant regulatory requirements, codes, guidance and legislations. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required, and have attended trainings and seminars conducted by the relevant regulatory bodies to keep abreast of updates to statutory and regulatory requirements and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The Company Secretaries are responsible for advising the Directors on their obligations and duties to disclose their interest in securities, the disclosure of any conflict of interest in a transaction involving the Group, the prohibition on dealing in securities, and restrictions on the disclosure of price-sensitive information. The Company Secretaries also update Board members on amendments to the Listing Requirements and the Companies Act, 2016 as and when they take place.

Access to Information and Advice

All Directors are provided with an agenda and a set of Board papers prior to each Board Meeting. Board papers are required to be circulated at least five (5) market days prior to the date of each Board Meeting to enable Directors to obtain further explanations, if necessary, in order to be properly briefed before each meeting. Board members are supplied with full, timely and accurate information necessary to enable them to discharge their responsibilities. Senior Management is also invited to attend Board Meetings when necessary to provide the Board with further explanations on the matters being tabled.

The Board convenes at least four (4) Board Meetings a year to review the Group's quarterly financial results and operational performance. Additional meetings are convened as and when necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

I. Board Responsibilities *cont'd*

Access to Information and Advice *cont'd*

During the FYE 31 March 2023, the number of Board Meetings held and the attendance of each Director are listed as follows:

Director	Number of Meetings Attended/Held*	Percentage of Attendance (%)
Tan Sri Dato' Tan Kay Hock	5/5	100
Puan Sri Datin Tan Swee Bee	5/5	100
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	5/5	100
Dato' Ahmad Khairummuzammil Bin Mohd Yusoff	5/5	100
Ooi Chin Khoon	5/5	100
Teh Bee Tein (appointed on 20 October 2022)	2/2	100
Ong Seng Pheow (retired on 22 September 2022)	2/2	100

* *Number of meetings held during the period the respective Directors held office in the Board.*

The deliberations and decisions at Board Meetings are well documented in minutes of meetings. The status of actions taken with reference to the previous minutes is updated in the matters arising for the Board's notation.

All Directors have access to the advice and services of the Company Secretaries and are updated on new statutory or regulatory requirements concerning their duties and responsibilities. If required, the Directors may obtain independent professional advice at the Company's expense in the furtherance of their duties, after consultation with the Chairman and other Board members. Newly appointed Directors are briefed by the Board, Company Secretaries and Management on the Group's nature of business and current issues.

Board Charter

The Board has adopted a Board Charter that provides guidance for Directors and Management on the responsibilities of the Board, its Committees and Management. The Board Charter is reviewed regularly to ensure it complies with the latest legislations and best practices. The Board Charter is available on the Company's website at www.georgekent.net.

Code of Conduct and Ethics

The Board has adopted a Code of Ethics for Company Directors and a Code of Conduct and Ethics for all employees, including the Company Directors. Both codes are available on the Company's website at www.georgekent.net.

Whistleblowing Policy

The Board has formalised a Whistleblowing Policy that enables employees and stakeholders to report genuine concerns about any improper conduct. The Whistleblowing Policy is available on the Company's website at www.georgekent.net.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

I. Board Responsibilities *cont'd*

Sustainability Policy

The Company has adopted a Sustainability Policy, demonstrating the Company's commitment to embody sustainable business practices throughout the Group's operations. The Sustainability Policy is available on the Company's website at www.georgekent.net.

II. Board Composition

The Board currently comprises six (6) members as follows:

(i) Tan Sri Dato' Tan Kay Hock – Chairman
Non-Independent Non-Executive Director

(ii) Puan Sri Datin Tan Swee Bee
Non-Independent Non-Executive Director

(iii) Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Non-Independent Non-Executive Director

(iv) Dato' Ahmad Khairummuzammil Bin Mohd Yusoff
Independent Non-Executive Director

(v) Teh Bee Tein
Independent Non-Executive Director

(vi) Ooi Chin Khoon
Non-Independent Executive Director

Currently, one-third of the Board members are Independent Directors. This composition fulfils the requirement under the Listing Requirements, which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent.

Collectively, the Directors have a diverse wealth of experience as well as skills and knowledge in law, engineering, accounting and general management. Their profiles can be found on pages 22 to 24 of this Annual Report.

In accordance with the Constitution of the Company, at least one-third of the Directors are required to retire by rotation at each Annual General Meeting but shall be eligible for re-election. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. The re-elections of the retiring Directors are subject to shareholders' approval at each Annual General Meeting.

Tenure of Independent Directors

The Board takes cognisance of and is guided by the MCCG best practice that the tenure of an Independent Director shall not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine years, it should provide justification and seek annual shareholders' approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Board Composition *cont'd*

Tenure of Independent Directors *cont'd*

The Listing Requirements was amended to limit the tenure of an Independent Director to a cumulative period of not more than twelve (12) years from the date of the Director's first appointment as an Independent Director in the Company or its related companies, which took effect from 1 June 2023. Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah, who was appointed as Independent Non-Executive Director of the Company on 8 December 2009, has served as an Independent Director of the Company for more than twelve (12) years. At the Board of Directors' Meeting held on 24 May 2023, the Board had resolved to re-designate him as a Non-Independent Non-Executive Director with effect from 1 June 2023.

Board and Senior Management Diversity

The Board does not set any specific target for women Directors and senior management. The criteria to be used by the Nominating Committee in the Director's nomination and appointment process are based on the criteria as set out in the Directors' Fit and Proper Policy. In addition, it is also to ensure the Board is comprised of Directors who have a good mix of skills and experience to discharge their responsibilities in an effective and competent manner, and who are able to commit sufficient time to oversee the Company's matters. Selection of Senior Management also based on objective criteria and merit, with due regard to diversity in skills, experience, age, cultural background and gender.

The Company had established a Diversity and Inclusion Policy towards its commitment to promoting workforce and Board diversity. The policy set out, amongst other, strategies and measure to promote gender diversity in the Board and Senior Management appointment process.

On 20 October 2022, the Board had appointed Ms. Teh Bee Tein, a new Independent Director. Currently, Puan Sri Datin Tan Swee Bee and Ms Teh Bee Tein are the two (2) women Directors on the Board comprising of six (6) Directors, which more than fulfils the Listing Requirements for at least one (1) women Director on the Board of Listed Issuers. Whereas, about 16% of the Senior Management positions of the Group are held by women. The Board endeavours to ensure that gender, ethnicity and age diversity are taken into account in the Board and Senior Management recruitment and succession planning process. The details on the workforce diversity is disclosed in the Sustainability Statement on pages 27 to 68 of this Annual Report.

Nominating Committee

Currently, the Nominating Committee comprises the following members:

(i) Dato' Ahmad Khairummuzammil Bin Mohd Yusoff – Chairman
Independent Non-Executive Director

(ii) Puan Sri Datin Tan Swee Bee
Non-Independent Non-Executive Director

(iii) Teh Bee Tein
Independent Non-Executive Director

Ms. Teh Bee Tein was appointed as a member of the Nominating Committee on 1 June 2023 in place of Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah, who has vacated his office as a member of the Nominating Committee on the same day.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Board Composition *cont'd*

Nominating Committee *cont'd*

The Nominating Committee's Terms of Reference include the authority delegated by the Board to oversee the selection and assessment of Directors. The Nominating Committee shall:

(i) recommend to the Board the appointment of new Directors;

(ii) assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director in terms of the appropriate size and skill balance between the Executive Director, Non-Executive Directors and Independent Directors, the mixture of skills and other core competencies required;

(iii) assess the independence of Independent Directors to consider if they can continue bringing independent and objective judgement to board deliberations; and

(iv) recommend to the Board if an Independent Director who has served on the Board for more than nine (9) years is justifiable to remain independent on the Board.

The Chairman of the Nominating Committee, Dato' Ahmad Khairummuzammil Bin Mohd Yusoff, is the Senior Independent Director identified by the Board.

Directors' Fit and Proper Policy

On 30 May 2022, the Board has adopted a Fit and Proper Policy to serve as a guide to the Nominating Committee and the Board in their review and assessment of persons that are to be appointed onto the board as well as Directors who are seeking for re-election to ensure each of the Directors has the character, experience, integrity, competence and time to effectively discharge his role as a director of the Company and its subsidiaries. The Directors' Fit and Proper Policy is available on the Company's website at www.georgekent.net. The Nominating Committee and the Board also take into consideration diversity in skills, experience, gender, age, ethnicity and race in the Director's nomination and appointment process, pursuant to the Diversity and Inclusion Policy.

On 20 October 2022, the Nominating Committee had assessed and determined the suitability of Ms Teh Bee Tein, the proposed candidate to be appointed to the Board based on various criteria and considerations, amongst others, the criteria as set out in the Directors' Fit and Proper Policy. Ms Teh Bee Tein had also completed the Directors' Fit and Proper Declaration Form pursuant to the aforementioned Policy. Based on the Nominating Committee's review and assessment, the Nominating Committee had recommended to the Board for the proposed appointment of Ms Teh Bee Tein as Director of the Company. The Board had also approved the recommendation made by the Nominating Committee on the proposed appointment. The summary of the nomination and appointment process is set out in the Corporate Governance Report.

During the FYE 31 March 2023, all the existing Directors, including the Directors who were due for retirement, had also undertaken the yearly self-evaluation assessment to assess their fit and properness, personality, performance and contribution. The recommendations by the Nominating Committee and the Board on re-election of the retiring Directors were based on the satisfactory results of the assessment. The details on the yearly self-evaluation assessment is set out in the following section and also in the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

II. Board Composition *cont'd*

Annual Assessment and Evaluation of the Board, Board Committee and Individual Directors

The Nominating Committee reviews annually the effectiveness of the Board and Board Committee, performance and contribution of each individual Director and the independence of the Independent Directors. The annual assessment includes the Directors' self-evaluation to assess their fit and properness, calibre and personality.

The Nominating Committee had carried out the annual assessment and evaluation for the FYE 31 March 2023 and was satisfied that the Board and Board Committees are effective as a whole considering the required mix of skills, size and composition of the Board and the respective Board Committee. The Nominating Committee was also satisfied that each individual Director has the necessary and good character, experience, integrity, competence and sufficient time to effectively discharge their respective roles. The Nominating Committee also satisfied that all the Independent Directors fulfil the criteria of independence as defined in the Listing Requirements and are able to continue to bring independent and objective judgement to Board deliberations. The Nominating Committee had recommended to the Board for the re-election of Directors, who are due for retirement, subject to the shareholders' approval at the forthcoming Annual General Meeting.

Directors' Training

The Board members attended various talks, seminars, workshops, briefings and in-house conferences to update and enhance their skills and knowledge, and also to keep themselves abreast of relevant regulatory and corporate governance updates in law, Listing Requirements, accounting standards and best practices.

The list of training programmes attended by the Directors during the year is as follows:

	Name of Director	Programme
1.	Tan Sri Dato' Tan Kay Hock	(i) ESG Essentials & Sustainability Governance
2.	Puan Sri Datin Tan Swee Bee	(i) ESG Essentials & Sustainability Governance
3.	Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	(i) Webinar "AOB Conversation with Audit Committees"
4.	Dato' Ahmad Khairummuzammil Bin Mohd Yusoff	(i) Webinar "AOB Conversation with Audit Committees"
5.	Teh Bee Tein	(i) Virtual MIA International Accountants Conference 2022 (ii) Virtual Conference Series: Malaysian Tax Conference 2022 (iii) 2023 Budget Seminar
6.	Ooi Chin Khoon	(i) Mid-Year Outlook 2022 – The World to Come (ii) Maybank Global Markets Economic Outlook 2023 (iii) 2022 Principal APAC Summit – Harnessing the Power of Global Markets (iv) Global Chinese Economic & Technology Summit – Towards Sustainable Recovery and Shared Prosperity in the New Post Pandemic Global Era

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

III. Remuneration

Directors' Remuneration

Currently, the Remuneration Committee comprises of an Independent Non-Executive Director and two (2) Non-Independent Non-Executive Directors as follows:

(i) Tan Sri Dato' Tan Kay Hock – Chairman
Non-Independent Non-Executive Director

(ii) Dato' Ahmad Khairummuzammil Bin Mohd Yusoff
Independent Non-Executive Director

(iii) Puan Sri Datin Tan Swee Bee
Non-Independent Non-Executive Director

Dato' Ahmad Khairummuzammil Bin Mohd Yusoff was appointed as a member of the Remuneration Committee on 1 June 2023 in place of Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah, who has vacated his office as a member of the Remuneration Committee on the same day.

The Remuneration Committee's primary responsibilities are to recommend to the Board the remuneration package and terms of employment for Executive Director. The determination of fees payable to Non-Executive Directors will be a matter for the Board as a whole, and a Director shall not participate in the decision on their own remuneration packages. The Remuneration Committee is also responsible for developing the Group's remuneration policy and determining the remuneration packages for senior executives of the Group.

The remuneration of Directors is determined at levels that enable the Company to attract and retain Directors with the relevant experience and expertise to manage the Group's operations effectively. The Non-Executive Directors are paid annual basic fees and subject to shareholders' approval at the Annual General Meeting. The Chairman of each Board Committee is paid an attendance allowance of RM3,000 per meeting, whilst each Non-Executive Committee member is paid RM2,000 per meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

III. Remuneration *cont'd*

Directors' Remuneration *cont'd*

The aggregate remuneration of the Directors for the FYE 31 March 2023 is as follows:

	Company				Subsidiaries			Group
	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Benefits-In-Kind and Allowances (RM'000)	Company Total (RM'000)	Fees (RM'000)	Allowances (RM'000)	Subsidiaries Total (RM'000)	Total (RM'000)
Executive Director								
Ooi Chin Khoon	-	1,698	17	1,715	-	-	-	1,715
Non-Executive Directors								
Tan Sri Dato' Tan Kay Hock	250	-	27	277	2,472	194	2,666	2,943
Puan Sri Datin Tan Swee Bee	150	-	4	154	1,467	-	1,467	1,621
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	90	-	136	226	-	-	-	226
Dato' Ahmad Khairummuzammil Bin Mohd Yusoff	90	-	7	97	-	-	-	97
Teh Bee Tein *(Appointed on 20 October 2022)*	40	-	4	44	-	-	-	44
Ong Seng Pheow *(Retired on 22 September 2022)*	43	-	11	54	-	-	-	54
Total – FYE 31 March 2023	**663**	**1,698**	**206**	**2,567**	**3,939**	**194**	**4,133**	**6,700**
Total – FYE 31 March 2022	670	1,008	195	1,873	3,873	186	4,059	5,932

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

On 20 October 2022, the functions of the Audit Committee was merged with the Risk Management Committee and renamed as the Audit and Risk Management Committee.

The Board ensures that shareholders are provided with a balanced and clear assessment of the Group's financial position and performance through the issuance of Annual Audited Financial Statements and quarterly financial reports. The Audit and Risk Management Committee assists the Board in overseeing the financial reporting of the Group by reviewing the quarterly financial reports and Annual Audited Financial Statements to ensure they are drawn up in accordance with the Companies Act, 2016 and all applicable accounting standards prior to recommending them for approval by the Board and issuance to shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

I. Audit and Risk Management Committee *cont'd*

Currently, the Audit and Risk Management Committee comprises of three (3) members, all of whome are Non-Executive Directors, with the majority being Independent Directors. The Audit and Risk Management Committee is currently chaired by Dato' Ahmad Khairummuzammil Bin Mohd Yusoff, an Independent Non-Executive Director who is not the Chairman of the Board. Annually, the Board via the Nominating Committee review the performance and effectiveness of the Audit and Risk Management Committee and its members. Based on the evaluation and assessment carried out for the FYE 31 March 2023, the Board is satisfied that the Audit and Risk Management Committee and its members had discharged their duties effectively and in accordance with its Terms of Reference.

The Terms of Reference of the Audit and Risk Management Committee are available on the Company's website at www.georgekent.net.

Procedures are in place for the Audit and Risk Management Committee to assess annually the suitability, objectivity and independence of the Company's External Auditors. Based on the evaluation conducted for the FYE 31 March 2023, the Audit and Risk Management Committee was satisfied that Grant Thornton Malaysia PLT has discharged their responsibilities independently, competently and effectively during the financial year under review. The Audit and Risk Management Committee has also obtained written assurance from Grant Thornton Malaysia PLT confirming that they are, and have been, independent throughout the audit engagement. Pursuant to the Company's External Auditors' Policy, the audit partner responsible for the external audit of the Group is subject to rotation at least every seven (7) financial years.

For details on the Audit and Risk Management Committee's composition, attendance record and summary of activities, please refer to the Audit and Risk Management Committee Report on pages 81 to 83 of this Annual Report.

II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility for ensuring that a sound system of risk management and internal control is maintained throughout the Group and reviewed regularly for effectiveness. The Board recognises that risks cannot be totally eliminated, and the system of internal controls instituted can only manage and mitigate risks whilst providing some assurance that the assets of the Company and the Group are safeguarded against material loss and unauthorised use, and that financial statements are not materially misstated.

The Audit and Risk Management Committee is responsible for overseeing the overall risk management of the Group, particularly the strategic areas of the business. The Audit and Risk Management Committee, supported by the Risk Management Working Group that comprises of Senior Management, is responsible for identifying, managing and mitigating risks through a systematic risk evaluation or profiling exercise. The Risk Profile is reviewed and revised on a half-yearly basis and submitted to the Audit and Risk Management Committee for review. Details of the Risk Management Framework can be found in the Statement on Risk Management and Internal Control on pages 84 to 86 of this Annual Report.

The Group has an independent internal audit function, reporting directly to the Audit and Risk Management Committee. Internal audit findings of the Group's operating units and all internal audit investigations carried out are tabled at the Audit and Risk Management Committee Meeting. A statement on the internal audit function with the required disclosures is presented in the Audit and Risk Management Committee Report on pages 81 to 83 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

I. Communication with Stakeholders

The Board acknowledges the need for shareholders and other stakeholders to be informed of all material business and developments concerning the Group. In addition to various announcements made during the year, the Board had ensured the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Group's performance and operations. Copies of all announcements are made available to shareholders and members of the public upon request.

The Board's Corporate Disclosure Policies and Procedures enable corporate information to be disclosed in an accurate, timely, consistent and fair manner. Corporate information disclosed in such a manner enables investors to make informed and orderly market decisions.

The Board is also fully guided by the Corporate Disclosure Guide issued by Bursa Malaysia Berhad. The Guide aims to provide shareholders and investors with comprehensive, accurate and quality information on a timely and even basis, and not merely meeting the minimum requirements under the Listing Requirements.

The Group's corporate information is also available on the Company's website at www.georgekent.net.

II. Conduct of General Meeting

The Annual General Meeting is the principal forum for communicating with shareholders. Shareholders who are unable to attend are allowed to appoint not more than two (2) proxies, who need not be shareholders of the Company, to attend and vote on their behalf. The Board encourages participation at the Annual General Meeting and ensure the Board members, Senior Management and External Auditors are in attendance to respond to shareholders' queries. All resolutions set out in the Notice of the General Meeting will be voted by way of poll, pursuant to Paragraph 8.29A of the Listing Requirements. Every member present in person, by proxy, by attorney or authorised representative shall have one vote for each share he holds. The Board took cognisance of the best practices of the MCCG and has given more than 28 days' notice for the forthcoming Annual General Meeting to allow shareholders sufficient time to go through this Annual Report, consider the proposed resolutions and make the necessary attendance and voting arrangements.

The Company had conducted its Seventy-First Annual General Meeting on 22 September 2022 virtually, which is in compliance with the Guidance on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission. Shareholders were invited to submit their questions to the Board and Management prior to the meeting. All those questions received prior to the meeting together with the reply from the Board and Management was presented at the live-streamed Annual General Meeting during the Question-and-Answer session. Shareholders also submitted questions in typed texts through the online meeting platform during the Annual General Meeting and all the questions were properly addressed to. Shareholders casted their votes through the online meeting platform using the remote participation and voting facilities in real time. The poll results were announced to Bursa Securities at the end of the meeting day. The Minutes of the meeting was also published on the Company's website.

The CG Statement together with the Corporate Governance Report were approved by the Board on 6 July 2023.

DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Board acknowledges their responsibility to ensure that the financial statements of the Company and the Group are prepared in accordance with the provisions of the Companies Act, 2016 and all approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs and results of the Company and the Group.

In preparing these financial statements, the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgements and estimates that are prudent and reasonable;
- Ensured all applicable accounting standards have been followed, with any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on a going-concern basis.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group, and to enable them to ensure that the financial statements are prepared in compliance with the Companies Act, 2016. In addition, the Directors are responsible for safeguarding the assets of the Company and the Group, and must take reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

A. MEMBERS

Following the retirement of Mr Ong Seng Pheow as Director of the Company at the conclusion of the Seventy-First Annual General Meeting held on 22 September 2022, Mr Ong also simultaneously retired as Chairman of the then Audit Committee ("AC"). On 20 October 2022, the Board appointed Dato' Ahmad Khairummuzammil Bin Mohd Yusoff and Ms Teh Bee Tein as new members of the now merged Audit & Risk Management Committee ("ARMC"), and also re-designated Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah as the Chairman of the ARMC. Accordingly, the ARMC comprised of four (4) members, being three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

Following the re-designation of Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah as Non-Independent Non-Executive Director on 1 June 2023, he vacated his office as Chairman of the ARMC and ceased as a member of ARMC on the same day. The Board has re-designated Dato' Ahmad Khairummuzammil Bin Mohd Yusoff as the Chairman of the ARMC on 1 June 2023.

Currently, the ARMC comprises the following members, all of whom are Non-Executive Directors:-

Dato' Ahmad Khairummuzammil Bin Mohd Yusoff
Chairman (Independent Non-Executive Director)

Tan Sri Dato' Tan Kay Hock
(Non-Independent Non-Executive Director)

Teh Bee Tein
(Independent Non-Executive Director)

The composition of the ARMC complies with the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

B. MEETINGS

During the financial year ended 31 March 2023, the number of AC/ARMC Meetings ("Meetings") held and the attendance of each member were as follows:-

	Number of Meetings	
	Held(*)	**Attended**
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah[(1)]	4	4
Tan Sri Dato' Tan Kay Hock	4	4
Dato' Ahmad Khairummuzammil Bin Mohd Yusoff[(2)]	2	2
Ms Teh Bee Tein[(3)]	2	2
Mr Ong Seng Pheow[(4)]	2	2

Note:

(1) Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah was redesignated as Chairman of the ARMC on 20 October 2022. He vacated office as Chairman of the ARMC on 1 June 2023.
(2) Dato' Ahmad Khairummuzammil Bin Mohd Yusoff was appointed as a member of the ARMC on 20 October 2022. He was re-designated as Chairman of the ARMC on 1 June 2023.
(3) Ms Teh Bee Tein was appointed as a member of the ARMC on 20 October 2022.
(4) Mr Ong Seng Pheow retired as Chairman of the AC on 22 September 2022.
(*) Number of meetings held during the period the respective members held office in the ARMC.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
cont'd

B. MEETINGS *cont'd*

At these Meetings, the Executive Director, General Manager – Finance & Control, together with the Senior Internal Audit Manager and representatives of the External Auditors if deemed necessary, were in attendance to review with the committee members the quarterly reports as the case may be, focusing on going-concern assumption compliance with accounting standards, significant audit issues and internal controls.

After each Meeting, the Chairman reports to the Board on the proceedings conducted thereat and to convey the recommendations of the ARMC to the Board for its consideration.

The ARMC had also met with the External Auditors twice without the presence of the Executive Director and Senior Management during the financial year.

C. ACTIVITIES

In line with the terms of reference of the ARMC, the following activities were carried out by the ARMC during the financial year ended 31 March 2023 in the discharge of its functions and duties:-

i) Reviewed the quarterly financial results of the Group, including the draft announcements pertaining thereto, and made recommendations to the Board for approval. The reviews served to ensure that the Group's financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Listing Requirements and applicable accounting standards in Malaysia;

ii) Reviewed the results and reported issues arising from the annual statutory audit with the External Auditors and Management's responses to the audit findings for the financial year;

iii) Reviewed and recommended to the Board for approval the annual audited financial statements of the Group for the financial year to ensure that they presented a true and fair view of the Group's financial position and performance for the year as well as compliance with all applicable accounting standards, regulatory and other legal requirements;

iv) Reviewed with the External Auditors their audit plan for the year, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud risk assessment and proposed fees for the audit and non-audit services rendered by the External Auditors for the financial year;

v) Met with the External Auditors twice without the presence of Management during the year under review;

vi) Reviewed and approved the internal audit plan to ensure adequate scope and comprehensive coverage of the Group's activities and sufficient resources within the internal audit team to carry out the audit works;

vii) Reviewed the internal audit reports issued by the internal audit team and monitored the implementation of management action plans for outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses are being properly addressed;

viii) Reviewed the related party transactions entered into by the Group to ensure that current procedures for the monitoring of related party transactions have been complied with;

ix) Reviewed any conflict-of-interest situations that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity;

AUDIT & RISK MANAGEMENT COMMITTEE REPORT
cont'd

C. ACTIVITIES *cont'd*

x) Overseeing the Group's internal control and risk management systems. The ARMC continues to monitor and review the effectiveness of the Group's internal control and risk management systems with the support of the internal audit team; and

xi) Reported to the Board all significant issues and concerns discussed during the ARMC meetings, together with the applicable recommendations.

D. INTERNAL AUDIT FUNCTION

The Board is cognisant of the fact that effective monitoring is vital to ensuring a sound system of internal control is in place. Thus, the Board is responsible for ensuring that the internal control process is operating effectively and adequately. The Board has entrusted the oversight of internal audit to the ARMC, although the Board retains overall accountability for the Group's internal control. The Internal Audit Department was established in the year 2006 to assist the Board and the ARMC to carry out the internal audit function of the Group's key operations in Malaysia and overseas.

Mr. Joseph Ching Terk Yoong, Head of Internal Audit Department, is responsible for providing independent audit and value-added assurance and consulting services to the Group. He has over 14 years of internal audit experience and two (2) personnel in his team with relevant qualifications. All internal auditors are free from any relationship or conflict of interest, which could impair their objectivity and independence.

The Internal Audit Charter defines the authority, duties and responsibilities of the internal audit function, giving internal audit personnel unrestricted access to all activities across the organisation. The internal audit function monitors compliance with the Group's policies and procedures as well as applicable laws and regulations, and provides independent and objective assurance on the adequacy and effectiveness of the system of internal controls by reviewing such controls and procedures of the Group. Audit reports incorporating the audit findings, recommendations to improve on control weaknesses, as well as Management's comments and action plans to rectify significant weaknesses are presented to the ARMC in a timely manner for their consideration and approval.

The annual Internal Audit plan is approved by the ARMC at the beginning of each financial year. The ARMC also reviews the adequacy of the scope, function, competency and resources of the internal audit function.

Internal Audit Department adopts a risk-based approach to plan and conduct their audit. The routine audits on the operating units within the Group are carried out with emphasis on the principal risk areas. The internal audit team is independent and has no involvement in the operations of the Group's companies.

The total cost incurred for the internal audit function for the financial year ended 31 March 2023 was RM318,300.67 (2022: RM323,272.08).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance 2021 requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' interest and the Company's assets. This Statement is prepared in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Securities.

BOARD RESPONSIBILITY

The Board of Directors ("the Board") is cognisant of its overall responsibilities to maintain a sound system of risk management and internal control and provide assurance on the adequacy and integrity of those systems. However, it should be noted that a sound system of risk management and internal control would only reduce, but not eliminate, the possibility of poor judgement in decision-making, human errors, control processes being deliberately circumvented by employees and others, Management overriding controls, and unforeseeable circumstances.

RISK MANAGEMENT FRAMEWORK

The Group has a well-defined and effective framework for managing risks. This framework, acting as a foundational structure of the organisation, ensures that pertinent information on risks is adequately reported and forms part of the decision-making process with accountability at all relevant levels.

The Audit & Risk Management Committee ("ARMC") oversees the risk management of the Group and Company risks, although the Board retains overall accountability for the Group's Risk Profile. The ARMC has been playing a pivotal role in systematically and thoroughly identifying, evaluating, monitoring and reviewing risks within the Group. The ARMC reviewed the Risk Profile on a half-yearly basis to ensure key risks and control strategies are deliberated and implemented.

The Internal Audit ("IA") department reports to the ARMC on the effectiveness of the Group's risk and internal control management and presents recommendations for improvement. IA is independent and has no involvement in the Group's operations. Quarterly ARMC meetings are held to ensure the compliance and timely progress of all recommended actions.

IA and Risk Management play critical roles in managing Group risks. Both work together to form part of the Group's strategic and operative planning as well as control systems. A well-defined and implemented Risk Management Framework not only meets and safeguards the Group's overall financial objectives, but also enhances the value of shareholders' investments.

RISK POLICY

The Group recognises risks that are linked to the Group's business objectives and places Risk Management as an integral part of business planning and operations. Management continually cultivates the culture of risk awareness to enforce better risk management and control activities that reduce threats while promoting and identifying opportunities. Business and functional units, Senior Management and the Board are collectively responsible for the management of risks associated with the business and investment objectives.

The Group is committed to ensure that all risks are proactively managed, treated, monitored and reported. Identifying risks to the Group's operations begin with a comprehensive list before streamlining to the highest level, which requires the attention of the ARMC. This exercise is made up of actions to identify, analyse, evaluate, monitor and mitigate the risks tabled in the Risk Profile prior to an ARMC Meeting.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

RISK POLICY *cont'd*

With the rapid expansion of the Group's business, measures have been implemented to ensure all risk treatment actions are in line with business objectives and strategies, and possess the required amount of resources to address those risks. Information is shared in a timely manner, facilitating the careful evaluation of detailed measures that take into consideration the likelihood of risk occurrence and magnitude of impact to the work delivery and organisation in terms of quality and performance, as well as time and cost factors.

As for the monitoring and reviewing of risks, the Group is committed to ensure the execution of mitigation works to the highest possible standard within planned durations to effectively reduce or eliminate risk causes and impacts.

INTERNAL CONTROL

Internal audit plays a pivotal role in the objective assessment of the Group's business processes by providing the ARMC with reasonably independent assurance on the effectiveness and integrity of the Group's system of internal control and compliance. The Group has an organisational structure that is aligned with its business and operational requirements, with clearly defined levels of authority throughout. Operational Management has clear responsibility for identifying risks that affect the business by instituting adequate procedures and internal controls that mitigate and monitor such risks on an ongoing basis. Issues are regularly presented for the Board's deliberation at Board Meetings. Standard operating policies and procedures that document how transactions are captured and where internal controls are applied exist for all operating companies in the Group. These policies and procedures are reviewed and revised regularly to meet operational needs and regulatory requirements. As part of the performance monitoring process, management information in the form of annual budgets, revised forecasts and quarterly management accounts and reports are provided to the Board for review and approval.

Other key elements of the Group's internal control system are described below:-

- **Organisational Structure**
  The Group has in place an organisational structure with key responsibilities clearly defined in the Board Committees of the Board and Executive Management of the Group's operating units.

- **Independence of Audit & Risk Management Committee**
  The ARMC currently comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, all of whom have unrestricted access to both the Group's internal and external audit teams.

- **Documented Internal Policies and Procedures**
  Key policies and control procedures regulating the Group's financial and operating activities are clearly documented in operating manuals. Compliance with controls, as set out in the manuals, is monitored by regular internal audit reviews. These manuals are also subject to regular reviews and updates to take into consideration changing business risks and to resolve any operational deficiencies.

- **Detailed Budgeting Process**
  Detailed annual budgets are prepared by individual operating units containing business strategies, financial and operating targets, performance indicators and capital expenditure proposals, all of which are presented to the Board for review. The Board approves the consolidated Group budget with clearly specified objectives for each operating unit.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

INTERNAL CONTROL *cont'd*

- **Financial Reporting System**
  Detailed management accounts are prepared by each operating unit based on an annual budget, with monthly reports compared against budgeted amounts, analyses of significant variances and key performance indicators, and quarterly re-forecasting. The Board and the ARMC review and approve the quarterly financial results and audited financial statements.

- **Capital Expenditure Approval Process**
  The Group has formal procedures for the appraisal of major capital expenditure (which must be approved by the Board), and detailed procedures and authority levels relating to other forms of capital expenditure. There are also clear procedures for obtaining the Board's approval for asset disposal and other major business transactions.

- **Key Performance Indicators**
  Key performance indicators are prepared by each operating unit and are aligned with business objectives.

- **Management and Operational Meetings**
  Regular management and operational meetings are held to review the progress and performance of the Group's activities and operational matters.

REVIEW OF EFFECTIVENESS

The Board has received assurance from the Executive Director that the system of risk management and internal control is operating adequately and effectively in all material aspects in the financial year under review. There were no adverse compliance events or material control failures that could cause material loss to the Group. Therefore, the Board is satisfied with the procedures outlined above and will continue to review the adequacy and effectiveness of the Group's risk management and internal control system.

As required by Paragraph 15.23 of the LR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Based on their review, they have reported to the Board that nothing had come to their attention that caused them to believe that this Statement is inconsistent with their understanding of the procedures adopted by the Board in the review of the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is of the view that the system of risk management and internal control is in place for the year under review, and up to the date of approval of this Statement, is sound and adequate to safeguard the interests of shareholders, customers, regulators, employees and other stakeholders, as well as the Group's assets.

There was no significant weakness in the system of risk management and internal control, contingencies or uncertainties that could result in material losses and adversely affect the financial results of the Group for the financial year under review up to the date of issuance of the financial statements. The Group continues to take necessary measures to strengthen its internal control structure and management of risks, taking into consideration the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of risk management and internal control.

This statement is made in respect of the financial year ended 31 March 2023, in accordance with the resolution of the Board of Directors dated 6 July 2023.

ADDITIONAL INFORMATION

UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

The Company did not implement any fund-raising corporate exercise during the financial year ended 31 March 2023.

AUDIT AND NON-AUDIT FEES

The details of the audit and non-audit fees paid or payable for the financial year ended 31 March 2023 to the Company's External Auditors and firm affiliated to the External Auditors are set out below:

	Group (RM'000)	Company (RM'000)
Audit fees	175	124
Non-audit fees		
• Review of Statement of Risk Management and Internal Control	3	3
• Review of component auditors' working papers	18	18
Total non-audit fees	21	21

MATERIAL CONTRACTS INVOLVING INTEREST OF DIRECTORS OR MAJOR SHAREHOLDERS

Saved as disclosed below, there were no material contracts entered into by the Company and/or its subsidiary companies involving the interest of Directors, major shareholders and chief executive, either still subsisting at the end of the financial year ended 31 March 2023 or entered into since the end of previous financial year:

At the Extraordinary General Meeting of George Kent (Malaysia) Berhad ("GKM") held on 8 June 2021, shareholders' approval was obtained for GKM to design and build a glove manufacturing plant ("Plant") in Lumut Port Industrial Park, Perak, for a contract sum of approximately RM624.1 million plus or minus 10% (excluding sales and service tax) for Dynacare Sdn Bhd ("Dynacare"). Following from the Letter of Intent dated 20 April 2021 and instructions to proceed dated 8 June 2021, the Letter of Award was issued on 1 October 2021 for a Contract Price of RM686.5 million (excluding Sales & Service Tax). The Contract was on 31 March 2023 revised to limit the scope of works for design, construct, complete, test, commissioning for up to six (6) double formers Lines for a total sum of RM187.3 million in accordance with Dynacare's decision to have six (6) Lines under Phase 1.

Johan Holdings Berhad ("JHB") and GKM respectively holds 60% and 40% equity interest in Dynacare. Tan Sri Dato' Tan Kay Hock and Puan Sri Datin Tan Swee Bee are major shareholders of JHB and GKM.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of **GEORGE KENT (MALAYSIA) BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company comprise:

(a) engineering and construction related works in rail transportation, water infrastructure and hospital;

(b) manufacturing and supply of water metering products; and

(c) investment holding and management services.

Information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary and associate is described in Notes 20 and 21 to the Financial Statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit/(loss) for the year and attributable to the owners of the Company	715	(4,742)

DIVIDENDS

Since the end of the previous financial year, the dividends paid or declared by the Company are as follows:

	RM'000
Second interim dividend in respect of the financial year ended 31 March 2022 of 1.5 sen, declared on 31 May 2022 and paid on 7 July 2022	7,834
First interim dividend in respect of the financial year ended 31 March 2023 of 1.0 sen, declared on 23 November 2022 and paid on 29 December 2022	5,219
	13,053

On 31 May 2023, the Board of Directors declared a second interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2023. This dividend will be paid on 7 July 2023 to the shareholders whose names appear in the Record of Depositors at the close of business on 16 June 2023. The financial statements for the current financial year ended 31 March 2023 do not reflect this dividend and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2024.

DIRECTORS' REPORT
cont'd

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

SHARE BUY-BACK

At the 71st Annual General Meeting ("AGM") of the Company held on 22 September 2022, shareholders' approval was obtained for the Share Buy-Back scheme to be renewed from 22 September 2022 until the conclusion of the next AGM of the Company to be convened in 2023.

As at 31 March 2023, the Company repurchased a total of 41,310,000 of its shares from the open market for a total consideration of RM38,450,441. Subsequent to 31 March 2023 and up to the date of this report, a total of 200,000 shares were repurchased from the open market for a total consideration of RM88,686. All these repurchased shares are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act, 2016 and no treasury shares have been cancelled or resold to date. The repurchases of these shares were financed by internally generated funds.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION *cont'd*

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

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

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

In the opinion of the Directors:

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

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

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

DIRECTORS

The Directors of the Company in office during the financial year and up to the date of this report are:

Tan Sri Dato' Tan Kay Hock
Puan Sri Datin Tan Swee Bee
Dato' Ahmad Khairummuzammil Bin Mohd Yusoff
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Ooi Chin Khoon
Teh Bee Tein (appointed on 20 October 2022)
Ong Seng Pheow (retired on 22 September 2022)

The names of the Directors of the Company's subsidiaries in office during the financial year and up to the date of this report other than those named above are as follows:

Yap Cheng Leung (appointed on 23 May 2022)
Tan Seng Kee
Teh Yong Fah
Rio George Fiocco
Chan Kim Chuan (resigned on 23 May 2022)

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS

The shareholdings in the Company and in related companies of those who were Directors of the Company at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Number of ordinary shares			
	At 1.4.2022	Addition	Disposal	At 31.3.2023
Registered in the name of the Directors				
Direct interests				
Tan Sri Dato' Tan Kay Hock	26,886,014	-	-	26,886,014
Puan Sri Datin Tan Swee Bee	43,610,247	-	-	43,610,247
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	52,500	-	-	52,500
Ooi Chin Khoon	28,125	-	-	28,125
Indirect interests				
Tan Sri Dato' Tan Kay Hock	210,861,850	-	-	210,861,850
Puan Sri Datin Tan Swee Bee	194,137,617	-	-	194,137,617

By virtue of Tan Sri Dato' Tan Kay Hock's and Puan Sri Datin Tan Swee Bee's interests in the shares of the Company, they are also deemed to have an interest in the shares of all the Company's subsidiaries to the extent that the Company has an interest.

The other Directors in office at the end of the financial year did not hold any shares or had any beneficial interest in the shares of the Company or its related companies during or at the beginning and end of the financial year.

DIRECTORS' REMUNERATION

The details of remuneration receivable by the Directors of the Group and of the Company are as follows:

	The Group RM'000	The Company RM'000
Fees	4,602	663
Salaries and other emoluments	2,048	1,854
	6,650	2,517

Estimated monetary value of benefits-in-kind provided to the Directors of the Group and of the Company are RM50,000.

DIRECTORS' REPORT
cont'd

DIRECTORS' REMUNERATION *cont'd*

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate of emoluments received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as shown in the above and disclosed in Note 34 to the Financial Statements) 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.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors' and Officers' liability insurance for the purposes of Section 289 of the Companies Act, 2016, throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group and of the Company. The amount of insurance premium paid during the financial year amounted to RM14,748.

AUDITORS

The amount of audit and other fees payable to the auditors by the Group and the Company for the financial year ended 31 March 2023 amounted to RM196,000 and RM145,000 respectively.

There was no indemnity given to or insurance effected for the Auditors of the Company.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

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

TAN SRI DATO' TAN KAY HOCK | **OOI CHIN KHOON**

6 July 2023

INDEPENDENT AUDITORS' REPORT
To the Members of George Kent (Malaysia) Berhad
(Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **GEORGE KENT (MALAYSIA) BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 March 2023 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 99 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group and Company

Construction contracts

Contract revenue and costs are recognised by using the input method which are measured based on the proportion of contract costs incurred for work performed to date over the budgeted total contract costs.

Significant estimation is required in determining the budgeted costs and actual contract costs incurred to date particularly for accruals of contract costs at financial year end. As such, we have identified this area as a significant risk requiring special audit consideration.

INDEPENDENT AUDITORS' REPORT

To the Members of George Kent (Malaysia) Berhad
(Incorporated In Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key Audit Matters *cont'd*

Construction contracts cont'd

<u>Our audit responses</u>

Our audit procedures included, amongst others, inquiries with the operational and financial personnel of the Group and of the Company for the assumptions used, comparing estimated costs to actual costs to assess the reliability of management's budgeting process and control, inspecting contracts with sub-contractors, performing analyses of cost budgets, performing site visits of ongoing projects, performing analyses of total estimated revenue, testing the computation of revenue and cost of sales recognised and assessing the reasonableness and completeness of sub-contractors' accruals as of year end.

The Group's and the Company's disclosures regarding construction contracts are included in Notes 3.7, 3.8, 5, 6 and 25 to the Financial Statements.

Inventories

As at 31 March 2023, the inventories as disclosed in Note 23 to the Financial Statements are significant to the total assets of the Group. Inventories' valuation and existence are under significant audit risks as inventories may be held for long periods of time before being consumed or sold making it vulnerable to obsolescence or theft. This could result in an overstatement of the value of the inventories if the cost is higher than the net realisable value ("NRV"). The Group and the Company estimate the NRV of inventories based on an assessment of expected sales prices. Changes in these assumptions could result in a material change in the carrying value of inventories and the financial performance of the Group and of the Company.

<u>Our audit responses</u>

In addressing this area of focus, we have selected a sample of inventories items and reperformed the calculation of first-in-first-out method and compared the unit cost to the purchase invoices. In addition, we obtained an understanding and reviewed the management's assessment of NRV of the inventories and on a sample basis, tested the subsequent selling prices of inventories. Also, we examined the conditions of inventories selected on a sample basis by attending physical stock counts at financial year end. We also considered the adequacy of the Group's and of the Company's disclosures in respect of inventories.

Company

Impairment of investment in associates

We identified the carrying amount of the Company's investment in associates as a key audit matter as it required significant judgements in evaluating the appropriateness of the assumptions used in deriving the recoverable amount to assess the impairment and recoverability of the investment in associates.

<u>Our audit responses</u>

Our audit procedures included, amongst others, assessed the management's assessment on indicators of impairment of investment in associates and assessed the fair value of net tangible assets of the associates by taking into consideration of the valuation of their assets in associates.

INDEPENDENT AUDITORS' REPORT

To the Members of George Kent (Malaysia) Berhad
(Incorporated In Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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.

INDEPENDENT AUDITORS' REPORT

To the Members of George Kent (Malaysia) Berhad
(Incorporated In Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of George Kent (Malaysia) Berhad
(Incorporated In Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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 20 to the Financial Statements.

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

KHO KIM ENG
(NO: 03137/10/2024 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
6 July 2023

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2023

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
Revenue	5	247,040	355,224	265,080	432,007
Cost of sales	6	(189,453)	(274,064)	(215,857)	(308,346)
Gross profit		57,587	81,160	49,223	123,661
Interest income	7	5,935	2,285	5,222	2,042
Other gains/(losses)	7	7,927	(4,209)	(15,709)	3,941
Administrative expenses		(30,982)	(29,289)	(24,179)	(21,831)
Distribution costs		(1,561)	(1,729)	(884)	(1,129)
Other expenses		(2,378)	(4,324)	(1,467)	(2,914)
Finance costs	8	(10,346)	(10,056)	(10,292)	(9,986)
Share of results of associates		(18,430)	(2,210)	-	-
Share of results of joint venture		-	12,436	-	-
Profit before tax	9	7,752	44,064	1,914	93,784
Tax expenses	10	(7,037)	(12,807)	(6,656)	(12,519)
Profit/(loss) for the year		715	31,257	(4,742)	81,265
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Decrease in property revaluation reserve		-	(1,864)	-	(1,864)
Fair value loss on financial assets at fair value through other comprehensive income ("FVTOCI")		(1,915)	(1,790)	(66)	(690)
Share of property revaluation reserve of an associate		1,054	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange translation		1,222	240	-	-
Fair value gain/(loss) on financial assets at FVTOCI		1,261	(2,964)	-	-
Other comprehensive income/(loss) for the year, net of tax		1,622	(6,378)	(66)	(2,554)
Total comprehensive income/(loss) for the year		2,337	24,879	(4,808)	78,711
Earnings per share attributable to the owners of the Company (sen)					
- Basic and diluted	11	0.14	5.98		

The accompanying notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2023

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	15	128,764	131,187	116,597	116,019
Right-of-use assets	16	1,911	788	394	322
Goodwill	17	876	876	-	-
Other intangible assets	18	24,050	24,107	23,985	24,063
Financial assets at FVTOCI	19	11,732	1,331	-	1,331
Investment in subsidiaries	20	-	-	12,929	12,929
Investment in associates	21	29,639	19,021	29,078	20,000
Deferred tax assets	22	782	540	-	-
Total Non-current Assets		197,754	177,850	182,983	174,664
Current Assets					
Inventories	23	106,033	81,039	102,093	75,556
Trade and other receivables	24	98,589	141,977	164,922	210,479
Contract assets	25	116,747	145,797	116,747	145,797
Financial assets at fair value through profit or loss ("FVTPL")	26	123	115	-	-
Financial assets at FVTOCI	19	32,308	33,068	10	9
Tax recoverable		5,604	6,560	4,504	5,546
Deposits, cash and bank balances	27	250,177	283,366	173,362	203,730
Total Current Assets		609,581	691,922	561,638	641,117
Total Assets		807,335	869,772	744,621	815,781

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023
cont'd

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	28	187,756	187,756	187,756	187,756
Treasury shares	29	(38,450)	(38,300)	(38,450)	(38,300)
Reserves	30	23,541	21,076	33,557	32,780
Retained earnings		354,367	367,548	288,307	306,945
Total Equity		527,214	538,080	471,170	489,181
LIABILITIES					
Non-current Liabilities					
Loans and borrowings	31	132,609	131,184	131,570	131,180
Trade and other payables	33	1,404	1,621	1,404	1,621
Deferred tax liabilities	22	6,764	6,901	6,764	6,901
Total Non-current Liabilities		140,777	139,706	139,738	139,702
Current Liabilities					
Loans and borrowings	31	66,980	72,718	62,619	68,102
Trade and other payables	33	71,771	114,560	71,094	114,689
Contract liabilities	25	-	4,107	-	4,107
Tax payable		593	601	-	-
Total Current Liabilities		139,344	191,986	133,713	186,898
Total Liabilities		280,121	331,692	273,451	326,600
Total Equity and Liabilities		807,335	869,772	744,621	815,781

The accompanying notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2023

		← Attributable to the owners of the Company →						
		← Non-distributable →					Distributable	
The Group	**Note**	**Share capital**	**Foreign currency translation reserve**	**Property revaluation reserve**	**Fair value reserve**	**Treasury shares**	**Retained earnings**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 April 2021		187,756	(11,508)	37,405	1,557	(37,433)	346,741	524,518
Profit for the year		-	-	-	-	-	31,257	31,257
Other comprehensive income/ (loss) for the year		-	240	(1,864)	(4,754)	-	-	(6,378)
Total comprehensive income/ (loss) for the year		-	240	(1,864)	(4,754)	-	31,257	24,879
Transactions with owners								
Dividends	14	-	-	-	-	-	(10,450)	(10,450)
Share buy-backs	29	-	-	-	-	(867)	-	(867)
At 31 March 2022		187,756	(11,268)	35,541	(3,197)	(38,300)	367,548	538,080
Profit for the year		-	-	-	-	-	715	715
Other comprehensive income/ (loss) for the year		-	1,222	1,054	(654)	-	-	1,622
Total comprehensive income/ (loss) for the year		-	1,222	1,054	(654)	-	715	2,337
Transfer upon disposal of financial assets at FVTOCI		-	-	-	843	-	(843)	-
Transactions with owners								
Dividends	14	-	-	-	-	-	(13,053)	(13,053)
Share buy-backs	29	-	-	-	-	(150)	-	(150)
At 31 March 2023		187,756	(10,046)	36,595	(3,008)	(38,450)	354,367	527,214

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2023
cont'd

		← Attributable to the owners of the Company →					
		← Non-distributable →				Distributable	
The Company	**Note**	**Share capital**	**Property revaluation reserve**	**Fair value reserve**	**Treasury shares**	**Retained earnings**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 April 2021		187,756	35,421	(87)	(37,433)	236,130	421,787
Profit for the year		-	-	-	-	81,265	81,265
Other comprehensive loss for the year		-	(1,864)	(690)	-	-	(2,554)
Total comprehensive (loss)/ income for the year		-	(1,864)	(690)	-	81,265	78,711
Transactions with owners							
Dividends	14	-	-	-	-	(10,450)	(10,450)
Share buy-backs	29	-	-	-	(867)	-	(867)
At 31 March 2022		187,756	33,557	(777)	(38,300)	306,945	489,181
Loss for the year		-	-	-	-	(4,742)	(4,742)
Other comprehensive loss for the year		-	-	(66)	-	-	(66)
Total comprehensive loss for the year		-	-	(66)	-	(4,742)	(4,808)
Transfer upon disposal of financial assets at FVTOCI		-	-	843	-	(843)	-
Transactions with owners							
Dividends	14	-	-	-	-	(13,053)	(13,053)
Share buy-backs	29	-	-	-	(150)	-	(150)
At 31 March 2023		187,756	33,557	-	(38,450)	288,307	471,170

The accompanying notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2023

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES				
Profit before tax	7,752	44,064	1,914	93,784
Adjustments for:				
Depreciation of property, plant and equipment	3,919	4,146	2,551	3,029
Depreciation of right-of-use assets	578	526	65	65
Amortisation of other intangible assets	1,806	1,726	1,790	1,712
Finance costs	10,346	10,056	10,292	9,986
Other receivables written off	25	-	25	-
Amount due from subsidiaries written off	-	-	46	60
Property, plant and equipment written off	-	587	-	4
Other intangible assets written off	117	1,519	117	1,519
Inventories written down	508	622	92	516
Share of results of associates	18,430	2,210	-	-
Share of results of joint venture	-	(12,436)	-	-
Loss on disposal of joint venture	-	9,848	-	-
Loss on disposal of financial assets at FVTPL	-	9	-	-
Impairment loss on investment in an associate	-	-	20,522	-
Interest income	(5,935)	(2,285)	(5,222)	(2,042)
Unrealised gain on foreign exchange	(5,097)	(1,072)	(3,041)	(670)
Reversal of inventories written down	(1,019)	(964)	(638)	(880)
Gain on disposal of property, plant and equipment	(257)	(35)	(241)	(31)
Fair value gain on financial assets at FVTPL	(8)	(15)	-	-
Income derived from short-term investments	(1,002)	(1,332)	(1,002)	(1,299)
Dividend income from financial assets at FVTOCI	(535)	(1,714)	(1)	(1,181)
Dividend income from financial assets at FVTPL	(5)	(6)	-	-
Dividend income from subsidiary	-	-	-	(49,000)
Operating profit before working capital changes	29,623	55,454	27,269	55,572

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2023
cont'd

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES *cont'd*				
Operating profit before working capital changes *cont'd*	29,623	55,454	27,269	55,572
Changes in working capital:				
Inventories	(24,025)	(20,134)	(25,534)	(15,665)
Trade and other receivables	47,687	(3,657)	46,887	(21,026)
Contract assets/liabilities	25,044	(93,334)	25,044	(93,334)
Trade and other payables	(44,707)	24,975	(43,505)	28,963
Cash generated from/(used in) operations	33,622	(36,696)	30,161	(45,490)
Tax paid	(7,420)	(1,265)	(6,751)	(1,013)
Tax refunded	1,000	19	1,000	-
Net cash from/(used in) operating activities	27,202	(37,942)	24,410	(46,503)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,488)	(6,561)	(3,326)	(2,591)
Acquisition of other intangible assets	(2,322)	(5,483)	(2,286)	(5,483)
Purchase of financial assets at FVTOCI	(10,846)	(729)	(1)	-
Acquisition of an associate	(29,600)	(20,000)	(29,600)	(20,000)
Dividend received from financial assets at FVTOCI	535	1,714	1	1,181
Dividend received from financial assets at FVTPL	5	6	-	-
Dividend received from subsidiary	-	-	-	49,000
Interest received	5,935	2,285	5,222	2,042
Income derived from short-term investments	1,002	1,332	1,002	1,299
Proceeds from disposal of property, plant and equipment	411	41	395	36
Proceeds from disposal of joint venture	-	53,000	-	-
Proceeds from disposal of financial assets at FVTOCI	-	35	-	35
Proceeds from disposal of financial assets at FVTPL	-	37	-	-
(Placement)/withdrawal of time deposits	(1,391)	605	(1,370)	632
Net cash (used in)/from investing activities	(37,759)	26,282	(29,963)	26,151

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2023
cont'd

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
FINANCING ACTIVITIES					
Interest paid		(10,351)	(10,066)	(10,296)	(9,995)
Dividends paid		(13,053)	(18,301)	(13,053)	(18,301)
Share buy-backs		(150)	(867)	(150)	(867)
Repayments of other bank borrowings		(71,542)	(87,225)	(67,544)	(79,541)
Repayments of lease liabilities		(809)	(831)	(157)	(172)
Drawdown of other bank borrowings		62,968	71,855	59,275	67,839
Net cash used in financing activities		(32,937)	(45,435)	(31,925)	(41,037)
NET CHANGES IN CASH AND CASH EQUIVALENTS		(43,494)	(57,095)	(37,478)	(61,389)
Effect of foreign exchange rate changes		5,664	367	2,598	77
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		257,484	314,212	179,267	240,579
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	27	219,654	257,484	144,387	179,267

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2023
cont'd

A. Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes.

The Group	At beginning of financial year	Cash flows used in financing activities	Non-cash changes: Movement in translation reserve	Non-cash changes: Addition of right-of-use assets	Non-cash changes: Termination of lease contracts	Non-cash changes: Unrealised foreign exchange differences	At end of financial year
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023							
Loans and borrowings (exclude bank overdraft)	203,862	(9,383)	29	1,899	(159)	159	196,407
2022							
Loans and borrowings (exclude bank overdraft)	219,942	(16,201)	6	81	(20)	54	203,862

The Company	At beginning of financial year	Cash flows used in financing activities	Non-cash changes: Addition of right-of-use assets	Non-cash changes: Termination of lease contracts	At end of financial year
	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Loans and borrowings (exclude bank overdraft)	199,242	(8,426)	344	(153)	191,007
2022					
Loans and borrowings (exclude bank overdraft)	211,055	(11,874)	81	(20)	199,242

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company comprise:

(a) engineering and construction related works in rail transportation, water infrastructure and hospital;

(b) manufacturing and supply of water metering products; and

(c) investment holding and management services.

Information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary and associate is described in Notes 20 and 21.

The registered office of the Company is located at 11th Floor, Wisma E&C, No.2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur and the principal place of business of the Company is located at 1115, Blok A, Jalan Puchong, Taman Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the Directors on 6 July 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), unless otherwise indicated.

2.1 Adoption of new standards/amendments to MFRSs

The accounting policies adopted are consistent with those of the previous financial year.

2.2 Standards issued but not yet effective

At the date of authorisation for issuance of these financial statements, the new and amendments to MFRSs which were issued but not yet effective and not early adopted by the Group and by the Company are as listed below:

MFRS and Amendments to MFRSs effective 1 January 2023:

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

2.2 Standards issued but not yet effective *cont'd*

Amendments to MFRSs effective 1 January 2024:

Amendments to MFRS 16*#	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statements – Non-current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

Amendments to MFRSs – effective date deferred indefinitely:

Amendments to MFRS 10 and 128#	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Group's operations
\# Not applicable to the Company's operations

The Directors anticipate that the abovementioned applicable amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these amendments to MFRSs will have no material financial impacts upon their first time adoption.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Measurements

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for any share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Basis of Measurements *cont'd*

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

3.2 Subsidiaries and Basis of Consolidation

Investment in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3 Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Business Combinations *cont'd*

At acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 (revised) are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that MFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one period from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.4 Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business (see 3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or groups of CGU) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent years.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Investment in Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of MFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.5 Investment in Associate *cont'd*

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with MFRS 9. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate.

Where a member of the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate that are not related to the Group.

Dividend received is reflected as a reduction of the investment in associate.

3.6 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews segment results in order to allocate resources to the segments and to assess segment performance.

Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.7 Revenue Recognition

The Group and the Company recognise revenue from contracts with customers based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.7 Revenue Recognition *cont'd*

Revenue is measured at fair value of the consideration received or receivable net of estimated customer returns, rebates and other similar allowances. The following describes the performance obligations in contracts with customers:

3.7.1 Sale of Goods

Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.7.2 Interest Income

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

3.7.3 Dividend Income

Dividend income is recognised when the Group's right to receive payment has been established.

3.7.4 Construction Contracts

The contracts for construction comprise multiple deliverables which include significant turnkey services and are therefore recognised as a single performance obligation. Revenue is recognised progressively over time based on the stage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the stage of completion and the milestone payment is generally less than one year.

3.7.5 Management Fees

Management fees are recognised when services are rendered.

3.8 Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting year, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.8 Construction Contracts *cont'd*

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as contract assets. When progress billings exceed costs incurred plus recognised profits (less recognised losses) the balance is classified as contract liabilities.

3.9 Leases

The Group and the Company as lessees

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis 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 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 and the Company use its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

On the statements of financial position, lease liability has been included in loans and borrowings. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.9 Leases *cont'd*

The Group and the Company as lessees cont'd

The Group and the Company remeasure the lease liability (and make a corresponding adjustment to the related ROU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. The costs are included in the related ROU asset, unless those costs are incurred to produce inventories.

ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Group and the Company expect to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The ROU assets are presented as a separate line item in the statements of financial position.

The Group and the Company apply MFRS 136 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in Note 3.16.

The Company as a lessor

The Company enters into lease agreements with its subsidiary as a lessor with respect to some of its freehold buildings.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.9 Leases *cont'd*

The Company as a lessor cont'd

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.10 Foreign Currencies

The individual financial statements of each entity of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in RM using exchange rates prevailing at the end of the reporting year. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation loss of joint control over a jointly controlled entity that includes a foreign operation or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting year. Exchange differences arising are recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.11 Borrowing Costs

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

All other borrowing costs are recognised in profit or loss in the year in which they are incurred. Borrowing costs consist of interests and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.12 Short-term Employees Benefits

3.12.1 Short-term Benefits

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

3.12.2 Defined Contribution Plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which they have operations. The subsidiaries in Malaysia make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as expenses in the year in which the related service is performed.

3.13 Tax Expenses

Tax expenses represent the sum of the tax currently payable and deferred tax.

3.13.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.13 Tax Expenses *cont'd*

3.13.2 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient future taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

In respect of property, plant and equipment measured at revalued amount, deferred tax liabilities are recognised for taxable temporary differences between the carrying amount of the revalued asset and its tax base.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

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 they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

3.13.3 Current and Deferred Tax for the year

Current and deferred taxes are recognised as expenses or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the current and deferred taxes are also recognised in other comprehensive income or directly in equity respectively. Where current or deferred taxes arise from the initial accounting for a business combination, the taxes effects are included in the accounting for the business combination.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.14 Property, Plant and Equipment

Land and buildings are stated in the statements of financial position at their revalued amounts, being the fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting year.

Any revaluation increase arising from the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is computed using the straight-line method to write off the cost of the various assets over their estimated useful lives at the following annual rates:

Buildings on freehold land	2.0% - 10.0%
Long-term leasehold land and building	1.3% - 4.5%
Plant and machinery, furniture, equipment and vehicles	10.0% - 20.0%

Capital work in progress is not depreciated as the assets are not yet available for use.

Major repairs are capitalised as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and to the Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

At the end of each reporting year, the residual values, useful lives and depreciation method of property, plant and equipment are reviewed and the effects of any change in estimates are recognised prospectively.

3.15 Other Intangible Assets

Other intangible assets acquired separately are measured initially at cost. The cost of other intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, other intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.15 Other Intangible Assets *cont'd*

Other intangible assets with finite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite lives is recognised in profit or loss.

Gain or loss arising from derecognition of an other intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in profit or loss when the asset is derecognised.

3.15.1 Computer Software

Computer software is stated at cost less any accumulated impairment losses and are amortised on a straight-line basis over the estimated economic useful lives at the annual rate of 20%.

3.15.2 Product Development Costs

Product development costs relate to costs incurred in the development of new products which have finite useful lives are stated at cost less any accumulated impairment losses and are amortised over the period of expected benefit not exceeding 10 years on a straight-line basis.

3.15.3 License

The license, considered to have a finite useful life, is stated at cost less any accumulated impairment losses and is amortised using the straight-line basis from the later of commencement of the contract to which it relates or when the related machinery and equipment are ready for their intended use over the period of its expected benefit not exceeding 10 years.

3.16 Impairment of Non-Financial Assets Excluding Goodwill

At the end of each reporting year, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.16 Impairment of Non-Financial Assets Excluding Goodwill *cont'd*

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.17 Inventories

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

Cost is determined using the first-in-first-out method. The costs of raw materials, components and trading goods for resale comprise costs of purchase. The costs of work-in-progress and finished goods comprise costs of raw materials, direct labours, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.18 Government Grants

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

Government grants are recognised in profit or loss on a systematic basis over the years in which the Group and the Company recognise as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group and the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.19 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3.21 Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.21.1 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.21 Financial Instruments *cont'd*

3.21.1 Financial Assets *cont'd*

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

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

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly 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 debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.21 Financial Instruments *cont'd*

3.21.1 Financial Assets *cont'd*

Classification of financial assets cont'd

(i) Amortised cost and effective interest method *cont'd*

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the "interest income" line item (Note 7).

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.21 Financial Instruments *cont'd*

3.21.1 Financial Assets *cont'd*

Classification of financial assets cont'd

(ii) Equity instruments designated as at FVTOCI *cont'd*

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. Dividends on these investments in equity instruments are recognised in profit or loss in accordance with MFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investments.

(iii) Debt instruments designated as at FVTOCI

Investments in debt instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequent changes in the carrying amounts for debt instruments classified as FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of fair value reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Financial assets at FVTPL

Unless the Group designates investments in equity instruments as at FVTOCI, all other equity investments are designated as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting year with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

3.21.2 Impairment of Financial Assets

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on trade receivables and contract assets. The amount of ECL is updated at each reporting year to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognise lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.21 Financial Instruments *cont'd*

3.21.2 Impairment of Financial Assets *cont'd*

For all other financial instruments, the Group and the Company recognise lifetime ECL 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-months ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations.

(ii) Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group and the Company consider that default has occurred when a financial asset is more than 365 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.21 Financial Instruments *cont'd*

3.21.2 Impairment of Financial Assets *cont'd*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.21.3 Derecognition of Financial Assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instruments which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss but is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.22 Financial Liabilities and Equity Instruments Issued by the Group and the Company

3.22.1 Classification as Debt or Equity

Debt and equity instruments are classified as either financial liability or as equity in accordance with the substance of the contractual arrangement.

3.22.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the distributable reserves.

Where treasury shares are reissued by re-sale in the open market, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.22.3 Financial Liabilities at Amortised Costs

Financial liabilities, including borrowings are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate), a shorter period, to the net carrying amount on initial recognition.

3.22.4 Derecognition of Financial Liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.23 Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, time deposits and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value, against which bank overdrafts, if any, are deducted.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

4.1 Critical Judgements in Applying the Company's Accounting Policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, the Directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except as follows:

4.1.1 Determining the Lease Term of Contracts with Renewal Options

The Group and the Company determine the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group and the Company have numerous lease contracts that included extension options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic inventive for it to exercise either the renewal. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group and the Company included the renewal period as part of the lease term for leases. The Group and the Company typically exercise its option to renew for these leases.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *cont'd*

4.2 Key Sources of Estimation Uncertainty

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

4.2.1 Useful Lives of Property, Plant and Equipment

Except for freehold land and capital work in progress, the costs of property, plant and equipment for the Group and the Company are depreciated on a straight-line basis over the assets' estimated economic useful lives. The Directors estimate the useful lives of these property, plant and equipment to be within 5 to 50 years. These are common life expectancies applied in the industries in which the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. However, the Directors believe that no reasonable probable change in the above key assumptions would cause a material impact to future depreciation charges. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 15.

4.2.2 Income Taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

4.2.3 Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences, unabsorbed business losses and unused tax credits to the extent 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. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4.2.4 Construction Contracts

Contract revenue is recognised in the statements of profit or loss over time based on stage of completion by using the input method, which is determined based on the proportion of contract costs incurred for work performed to date to the satisfaction of a performance obligation relative to the estimated total contract costs.

Significant management judgement is required in estimating the total costs of each contract, determining the stage of completion, assessing the validity of the variation orders, evaluating the need for, and adequacy of provision for foreseeable losses (if any), as well as the extent of the accrued contract costs incurred as at period end based on the management's assessment on the progress of the work performed by sub-contractors.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
cont'd

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *cont'd*

4.2 Key Sources of Estimation Uncertainty *cont'd*

4.2.5 Impairment of Financial Assets at Amortised Cost

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

When measuring the expected credit loss (ECL), the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of the Group's and the Company's trade and other receivables at the end of the reporting year are disclosed in Note 24.

4.2.6 Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

4.2.7 Contingent Liabilities

Contingent liabilities are recognised when a possible obligation is pending on whether some uncertain future event occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably. Significant management estimate is required to determine the likelihood of the obligations to be realised. Details of the contingent liabilities are disclosed in Note 36.

4.2.8 Fair Value of Land and Buildings

The Group and the Company determine the fair value of its land and buildings based on valuations carried out by independent professional valuers with reference to the market and cost approach respectively. The fair values of the Group's and the Company's land and buildings are disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *cont'd*

4.2 Key Sources of Estimation Uncertainty *cont'd*

4.2.9 Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's and the Company's core business are subject to economical and technology changes which may cause selling price to change rapidly and the Group's and the Company's results to change.

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

4.2.10 Leases – Estimating the Incremental Borrowing Rate

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which require estimate when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

5. REVENUE

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Contract revenue – recognised over time	103,421	202,460	131,566	240,002
Project management fees	-	33	-	33
Sale of goods – recognised at a point in time	143,619	152,731	133,514	142,972
Dividend income from subsidiary	-	-	-	49,000
	247,040	355,224	265,080	432,007

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting year to be recognised in the following years as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Contract revenue for financial year ending:				
31 March 2023	-	103,421	-	131,566
31 March 2024	13,849	13,849	23,082	23,082
	13,849	117,270	23,082	154,648

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
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6. COST OF SALES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Contract costs	89,142	173,346	115,597	208,634
Cost of goods sold	100,311	100,718	100,260	99,712
	189,453	274,064	215,857	308,346

7. INTEREST INCOME AND OTHER GAINS/(LOSSES)

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Deposits with licensed banks	3,975	1,481	2,623	1,395
Financial assets at FVTOCI	773	804	-	-
Loan to subsidiaries (Note 34)	-	-	1,412	647
Loan to associate (Note 34)	1,187	-	1,187	-
	5,935	2,285	5,222	2,042
Other gains/(losses)				
Unrealised gain on foreign exchange	5,097	1,072	3,041	670
Realised gain/(loss) on foreign exchange	443	223	(48)	(430)
Amount due from subsidiaries written off	-	-	(46)	(60)
Rental income from subsidiary (Note 34)	-	-	262	262
Income derived from short-term investments	1,002	1,332	1,002	1,299
Other receivables written off	(25)	-	(25)	-
Impairment loss on investment in an associate	-	-	(20,522)	-
Loss on disposal of joint venture	-	(9,848)	-	-
Miscellaneous income	870	1,292	626	1,019
	7,387	(5,929)	(15,710)	2,760
Dividend income from:				
Financial assets at FVTPL	5	6	-	-
Financial assets at FVTOCI	535	1,714	1	1,181
	540	1,720	1	1,181
Total	7,927	(4,209)	(15,709)	3,941

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
cont'd

8. FINANCE COSTS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Bank borrowings	2,768	2,480	2,732	2,447
Bond	7,536	7,518	7,536	7,518
Lease liabilities (Note 16)	42	58	24	21
	10,346	10,056	10,292	9,986

9. PROFIT BEFORE TAX

Profit before tax has been determined after crediting amongst others, the following item:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Research costs	361	228	361	228

10. TAX EXPENSES

Income taxes recognised in profit or loss are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Estimated income tax:				
Current year:				
Malaysian tax	7,792	10,085	7,792	10,085
Foreign tax	623	597	-	-
(Over)/under provision in prior years	(999)	478	(999)	247
	7,416	11,160	6,793	10,332
Deferred tax (Note 22):				
Current year	(1,284)	2,174	(1,042)	2,714
Under/(over) provision in prior years	905	(527)	905	(527)
	(379)	1,647	(137)	2,187
	7,037	12,807	6,656	12,519

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

10. TAX EXPENSES *cont'd*

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A reconciliation of income tax expense at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	7,752	44,064	1,914	93,784
Less:				
Share of results of associates	18,430	2,210	-	-
Share of results of joint venture	-	(12,436)	-	-
	26,182	33,838	1,914	93,784
Tax at the applicable statutory tax rate of 24%	6,284	8,121	459	22,508
Tax effects of:				
Difference in tax rates in foreign countries	(412)	(293)	-	-
Income not subject to tax	(1,280)	(1,775)	(666)	(13,100)
Expenses not deductible for tax purposes	2,478	6,294	6,957	3,391
Movements of deferred tax assets not recognised	61	509	-	-
(Over)/under provision in prior years				
- current tax	(999)	478	(999)	247
- deferred tax	905	(527)	905	(527)
	7,037	12,807	6,656	12,519

As mentioned in Note 3, the tax effects of deductible temporary differences, unabsorbed business losses and unutilised capital allowances which would give rise to deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unabsorbed business losses and unutilised capital allowances can be utilised. As at 31 March 2023, the estimated amounts of deductible temporary differences, unabsorbed business losses and unutilised capital allowances for which deferred tax assets have not been recognised in the financial statements of the Group due to uncertainty of their realisation are as follows:

	The Group	
	2023	**2022**
	RM'000	**RM'000**
Unabsorbed business losses	50,419	49,933
Unutilised capital allowances	11,891	9,490
Property, plant and equipment	(10,446)	(8,037)
Other intangible assets	(15)	(15)
Right-of-use assets and lease liabilities	16	31
	51,865	51,402

10. TAX EXPENSES *cont'd*

The potential deferred tax assets of the Group have not been recognised in respect of these items as it is uncertain whether sufficient future taxable profits will be available to utilise these benefits. The Group's unabsorbed business losses can be carried forward to offset against future taxable profits of the Group.

The unabsorbed business losses of the Group will be available for carry forward for a period of 7 to 10 consecutive years. Upon expiry terms, the unabsorbed business losses will be disregarded.

The expiry term of the unabsorbed business losses is as follows:

	The Group	
	2023 RM'000	2022 RM'000
Year of assessment 2028	46,693	46,537
Year of assessment 2029	3,656	3,396
Year of assessment 2030	70	-
	50,419	49,933

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to the owners of the Company and the number of ordinary shares outstanding during the year as follows:

Basic earnings per share

	The Group	
	2023 '000	2022 '000
Profit attributable to the owners of the Company (RM)	715	31,257
Weighted average number of ordinary shares in issue	522,018 #	522,624 #
Basic earnings per share (sen)	0.14	5.98

The weighted average number of ordinary shares in issue reflecting the treasury shares repurchased during the year

Diluted earnings per share

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

12. EMPLOYEES BENEFITS EXPENSES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	25,387	28,514	22,987	26,124
Social security contributions	203	231	189	218
Defined contribution plan	2,807	3,357	2,607	3,189
Employment insurance scheme	23	30	22	29
Other benefits	2,559	924	2,432	788
	30,979	33,056	28,237	30,348
Less: Capitalised in product development costs (Note 18)	(683)	(1,172)	(683)	(1,172)
Capitalised in construction contract costs (Note 25)	(5,476)	(6,920)	(5,476)	(6,920)
Capitalised in inventories (Note 23)	(7,261)	(7,114)	(5,852)	(5,731)
	17,559	17,850	16,226	16,525

Included in the employees benefits expenses of the Group and of the Company are executive Director's remuneration amounting to RM1,698,000 (2022: RM1,008,000).

13. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Group and of the Company during the financial year are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Executive Director:				
Salaries and other emoluments	1,698	1,008	1,698	1,008
Estimated monetary value of benefits-in-kind	17	17	17	17
	1,715	1,025	1,715	1,025
Non-executive Directors:				
Fees	4,602	4,543	663	670
Other emoluments	350	331	156	145
Estimated monetary value of benefits-in-kind	33	33	33	33
	4,985	4,907	852	848
Total	6,700	5,932	2,567	1,873

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

14. DIVIDENDS

	The Group and The Company	
	2023	2022
	RM'000	RM'000
Recognised during the year:		
Third interim dividend for 2021: 1.0 sen, on 522,709,865 ordinary shares	-	5,227
First interim dividend for 2022: 1.0 sen, on 522,244,065 ordinary shares	-	5,223
Second interim dividend for 2022: 1.5 sen, on 522,244,065 ordinary shares	7,834	-
First interim dividend for 2023: 1.0 sen, on 521,959,065 ordinary shares	5,219	-
	13,053	10,450
Declared subsequent to financial year (not recognised as at 31 March):		
Second interim dividend for 2022: 1.5 sen, on 522,244,065 ordinary shares	-	7,834
Second interim dividend for 2023: 1.0 sen, on 521,759,065 ordinary shares	5,218	-
	18,271	18,284

On 31 May 2023, the Board of Directors declared a second interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2023. This dividend will be paid on 7 July 2023 to the shareholders whose names appear in the Record of Depositors at the close of business on 16 June 2023. The financial statements for the current financial year ended 31 March 2023 do not reflect this dividend and will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2024.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
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15. PROPERTY, PLANT AND EQUIPMENT

The Group	Valuation: Freehold land RM'000	Valuation: Buildings on freehold land RM'000	Valuation: Long-term leasehold land and building RM'000	Cost: Plant and machinery, furniture, equipment and vehicles RM'000	Cost: Capital work in progress RM'000	Total RM'000
Valuation/cost						
At 1 April 2021	91,350	16,086	2,162	59,532	4,921	174,051
Additions	-	76	-	4,653	1,832	6,561
Disposals	-	-	-	(229)	-	(229)
Written off	-	-	-	(3,598)	-	(3,598)
Reclassification	-	483	-	1,008	(1,491)	-
Exchange differences	-	-	32	25	-	57
At 31 March 2022	91,350	16,645	2,194	61,391	5,262	176,842
Additions	-	24	-	594	870	1,488
Disposals	-	-	-	(1,210)	-	(1,210)
Written off	-	-	-	(1)	-	(1)
Transfer to other intangible assets	-	-	-	-	(1)	(1)
Reclassification	-	-	-	4,570	(4,570)	-
Exchange differences	-	-	167	133	-	300
At 31 March 2023	91,350	16,669	2,361	65,477	1,561	177,418
Accumulated depreciation						
At 1 April 2021	-	-	53	43,976	-	44,029
Charge for the year	-	704	46	3,534	-	4,284
Disposals	-	-	-	(223)	-	(223)
Written off	-	-	-	(3,011)	-	(3,011)
Exchange differences	-	-	1	15	-	16
At 31 March 2022	-	704	100	44,291	-	45,095
Charge for the year	-	716	100	3,146	-	3,962
Disposals	-	-	-	(1,056)	-	(1,056)
Written off	-	-	-	(1)	-	(1)
Exchange differences	-	-	8	86	-	94
At 31 March 2023	-	1,420	208	46,466	-	48,094
Accumulated impairment losses						
At 1 April 2021/31 March 2022/ 31 March 2023	-	336	-	224	-	560
Carrying amount						
At 31 March 2023	91,350	14,913	2,153	18,787	1,561	128,764
At 31 March 2022	91,350	15,605	2,094	16,876	5,262	131,187

NOTES TO THE FINANCIAL STATEMENTS
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15. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Company	Valuation: Freehold land RM'000	Valuation: Buildings on freehold land RM'000	Cost: Plant and machinery, furniture, equipment and vehicles RM'000	Cost: Capital work in progress RM'000	Total RM'000
Valuation/cost					
At 1 April 2021	91,350	16,086	49,159	498	157,093
Additions	-	76	1,502	1,013	2,591
Disposals	-	-	(186)	-	(186)
Written off	-	-	(2,815)	-	(2,815)
Reclassification	-	483	235	(718)	-
At 31 March 2022	91,350	16,645	47,895	793	156,683
Additions	-	24	401	2,901	3,326
Disposals	-	-	(1,087)	-	(1,087)
Written off	-	-	(1)	-	(1)
Reclassification	-	-	2,180	(2,180)	-
At 31 March 2023	91,350	16,669	49,388	1,514	158,921
Accumulated depreciation					
At 1 April 2021	-	-	40,153	-	40,153
Charge for the year	-	704	2,463	-	3,167
Disposals	-	-	(181)	-	(181)
Written off	-	-	(2,811)	-	(2,811)
At 31 March 2022	-	704	39,624	-	40,328
Charge for the year	-	716	1,878	-	2,594
Disposals	-	-	(933)	-	(933)
Written off	-	-	(1)	-	(1)
At 31 March 2023	-	1,420	40,568	-	41,988
Accumulated impairment losses					
At 1 April 2021/31 March 2022/ 31 March 2023	-	336	-	-	336
Carrying amount					
At 31 March 2023	91,350	14,913	8,820	1,514	116,597
At 31 March 2022	91,350	15,605	8,271	793	116,019

NOTES TO THE FINANCIAL STATEMENTS
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15. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Land and buildings carried at fair value

An independent valuation of the land and buildings of the Group and of the Company was performed by independent qualified valuers to determine the fair values of the land and buildings on 31 March 2021. The valuers have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair values of the land and buildings were determined based on the market comparison approach that reflects recent transaction prices for similar properties.

Details of the land and buildings of the Group and of the Company and information about the fair value hierarchy are as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
In Malaysia				
- Freehold land	91,350	91,350	91,350	91,350
- Buildings on freehold land	14,913	15,605	14,913	15,605
	106,263	106,955	106,263	106,955
In Papua New Guinea				
- Long-term leasehold land and building	2,153	2,094	-	-
Total	108,416	109,049	106,263	106,955

The following table shows a reconciliation of Level 3 fair values:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of year	109,049	109,209	106,955	107,100
Reduction	(633)	(160)	(692)	(145)
At end of year	108,416	109,049	106,263	106,955

The following table shows the significant unobservable inputs used in the valuation model:

Type	Significant unobservable inputs	Relationship of unobservable inputs and fair value measurement
Land and buildings	Sale price of comparable land and buildings	The higher the sale price of comparable land and buildings, the higher the fair value

15. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Had the land and buildings of the Group and of the Company been measured on a historical cost basis, their carrying amounts would have been as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Freehold land	54,065	54,065	54,065	54,065
Buildings on freehold land	15,249	15,941	15,249	15,941
Long-term leasehold land and building	190	186	-	-

Assets held under lease arrangements

In prior year, the carrying amounts of the motor vehicles of the Group and of the Company held under lease arrangements are RM814,000 and RM308,000 respectively. Assets under lease arrangements are pledged as securities for the related lease liabilities (Note 32).

Assets pledged as securities

Landed properties of the Group and of the Company with a carrying amount of RM106,263,000 (2022: RM106,955,000) are mortgaged to secure the bank loans of the Group and of the Company (Note 31).

Long-term leasehold land

Long-term leasehold land represents leasehold land with an unexpired lease period of 72 years (2022: 73 years).

Depreciation charge for the year

Depreciation charge is recognised in the financial statements as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit or loss	3,919	4,146	2,551	3,029
Product development costs (Note 18)	-	4	-	4
Construction costs (Note 25)	43	134	43	134
Total	3,962	4,284	2,594	3,167

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For the Financial Year Ended 31 March 2023
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16. RIGHT-OF-USE ASSETS

The Group and the Company lease several assets including office spaces, hostels and office equipment. The lease terms of the Group and of the Company are ranging from 2 to 7 years (2022: 2 to 6 years).

The Group	Buildings RM'000	Office equipment RM'000	Total RM'000
Cost			
At 1 April 2021	2,111	460	2,571
Additions	52	29	81
Termination of lease contracts	(67)	(62)	(129)
Exchange differences	14	-	14
At 31 March 2022	2,110	427	2,537
Additions	1,537	362	1,899
Termination of lease contracts	(2,232)	(310)	(2,542)
Exchange differences	110	-	110
At 31 March 2023	1,525	479	2,004
Accumulated depreciation			
At 1 April 2021	1,113	128	1,241
Charge for the year	516	92	608
Termination of lease contracts	(67)	(42)	(109)
Exchange differences	9	-	9
At 31 March 2022	1,571	178	1,749
Charge for the year	549	83	632
Termination of lease contracts	(2,192)	(191)	(2,383)
Exchange differences	95	-	95
At 31 March 2023	23	70	93
Carrying amount			
At 31 March 2023	1,502	409	1,911
At 31 March 2022	539	249	788

16. RIGHT-OF-USE ASSETS *cont'd*

The Company	Buildings RM'000	Office equipment RM'000	Total RM'000
Cost			
At 1 April 2021	210	448	658
Additions	52	29	81
Termination of lease contracts	(67)	(62)	(129)
At 31 March 2022	195	415	610
Additions	-	344	344
Termination of lease contracts	(195)	(298)	(493)
At 31 March 2023	-	461	461
Accumulated depreciation			
At 1 April 2021	125	125	250
Charge for the year	58	89	147
Termination of lease contracts	(67)	(42)	(109)
At 31 March 2022	116	172	288
Charge for the year	39	80	119
Termination of lease contracts	(155)	(185)	(340)
At 31 March 2023	-	67	67
Carrying amount			
At 31 March 2023	-	394	394
At 31 March 2022	79	243	322

Depreciation charges for the year

Depreciation charges are recognised in the financial statements as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit or loss	578	526	65	65
Construction costs (Note 25)	54	82	54	82
Total	632	608	119	147

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cont'd

16. RIGHT-OF-USE ASSETS *cont'd*

In the current financial year, amounts recognised in profit or loss are as below:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Depreciation of right-of-use assets	578	526	65	65
Interest expense on lease liabilities (Note 8)	42	58	24	21
Expenses paid relating to leases of short-term and low-value assets	49	80	-	-

17. GOODWILL

	The Group	
	2023	**2022**
	RM'000	**RM'000**
Metering		
At beginning and end of year	876	876

Goodwill of the Group arose mainly from the acquisition of George Kent International Pte. Ltd..

The recoverable amount of the goodwill is determined based on value-in-use calculation using a discounted cash flow model based on the financial budgets approved by the Directors covering a period of five years. The discount rate and forecast growth rates applied to the cash flow projections for the five-year period are 7.10% (2022: 6.45%) and ranging from 1% to 2% (2022: 1% to 2%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

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cont'd

18. OTHER INTANGIBLE ASSETS

The Group	Computer software RM'000	Product development costs RM'000	License RM'000	Total RM'000
Cost				
At 1 April 2021	883	11,197	12,061	24,141
Additions	10	5,477	-	5,487
Written off	-	(1,661)	-	(1,661)
At 31 March 2022	893	15,013	12,061	27,967
Additions	84	2,238	-	2,322
Transfer from property, plant and equipment	1	-	-	1
Written off	-	(207)	-	(207)
Transferred to inventories	-	(457)	-	(457)
Exchange differences	(1)	-	-	(1)
At 31 March 2023	977	16,587	12,061	29,625
Accumulated amortisation				
At 1 April 2021	658	902	716	2,276
Amortisation for the year	59	441	1,226	1,726
Written off	-	(142)	-	(142)
At 31 March 2022	717	1,201	1,942	3,860
Amortisation for the year	71	508	1,227	1,806
Written off	-	(90)	-	(90)
Exchange differences	(1)	-	-	(1)
At 31 March 2023	787	1,619	3,169	5,575
Carrying amount				
At 31 March 2023	190	14,968	8,892	24,050
At 31 March 2022	176	13,812	10,119	24,107

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
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18. OTHER INTANGIBLE ASSETS *cont'd*

The Company	Computer software RM'000	Product development costs RM'000	License RM'000	Total RM'000
Cost				
At 1 April 2021	809	11,197	12,061	24,067
Additions	10	5,477	-	5,487
Written off	-	(1,661)	-	(1,661)
At 31 March 2022	819	15,013	12,061	27,893
Additions	48	2,238	-	2,286
Written off	-	(207)	-	(207)
Transferred to inventories	-	(457)	-	(457)
At 31 March 2023	867	16,587	12,061	29,515
Accumulated amortisation				
At 1 April 2021	642	902	716	2,260
Amortisation for the year	45	441	1,226	1,712
Written off	-	(142)	-	(142)
At 31 March 2022	687	1,201	1,942	3,830
Amortisation for the year	55	508	1,227	1,790
Written off	-	(90)	-	(90)
At 31 March 2023	742	1,619	3,169	5,530
Carrying amount				
At 31 March 2023	125	14,968	8,892	23,985
At 31 March 2022	132	13,812	10,119	24,063

Product development costs

Product development costs include the following charges incurred during the financial year:

	The Group and The Company 2023 RM'000	2022 RM'000
Employee benefits expenses (Note 12)	683	1,172
Depreciation (Note 15)	-	4

18. OTHER INTANGIBLE ASSETS *cont'd*

Amortisation expense

The amortisation of computer software is included in the "Other expenses" line item in the statements of profit or loss.

The amortisation of the product development costs and license is included as part of the cost of inventories and subsequently charged to profit or loss, included in the "Cost of sales" line item in the statements of profit or loss.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group	2023 Carrying amount RM'000	2023 Market value RM'000	2022 Carrying amount RM'000	2022 Market value RM'000
Current				
Equity instruments (quoted in Malaysia)	10	10	9	9
Equity instruments (quoted outside Malaysia)	18,395	18,395	17,820	17,820
Debt instruments (quoted outside Malaysia)	13,903	13,903	15,239	15,239
	32,308	32,308	33,068	33,068
Non-current				
Equity instruments (unquoted outside Malaysia)	11,732	11,732	1,331	1,331

The Company	2023 Carrying amount RM'000	2023 Market value RM'000	2022 Carrying amount RM'000	2022 Market value RM'000
Current				
Equity instruments (quoted in Malaysia)	10	10	9	9
Non-current				
Equity instruments (unquoted outside Malaysia)	-	-	1,331	1,331

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For the Financial Year Ended 31 March 2023
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20. INVESTMENT IN SUBSIDIARIES

	The Company	
	2023	2022
	RM'000	RM'000
Unquoted shares, at cost	30,933	30,933
Less: Accumulated impairment losses	(18,004)	(18,004)
	12,929	12,929

Details of the company's subsidiaries are as follows:-

Name of subsidiary	Principal place of business/Country of incorporation	Principal activity	Proportion of ownership interest and voting power held 2023 %	2022 %
George Kent Rail Sdn. Bhd.	Malaysia	Inactive	100	100
George Kent Meters Sdn. Bhd.	Malaysia	Inactive	100	100
George Kent International Pte. Ltd. *	Singapore	Sale of water meters products	100	100
GK Equities Sdn. Bhd. *	Malaysia	Investment holding	100	100
Alfa Management Ltd. *	Hong Kong	Inactive	100	100
Asialink Pacific Limited	Malaysia/British Virgin Islands	Investment holding	100	100
Kent Precision Plastics Sdn. Bhd.	Malaysia	Manufacturing of water meter plastic components	100	100
Teknologi Air Patcandy Sdn. Bhd. *	Malaysia	Inactive	100	100
Subsidiary of George Kent International Pte. Ltd.:				
Kent Precision Engineering Pte. Ltd. *	Singapore	Inactive	100	100
Subsidiaries of Asialink Pacific Limited:				
George Kent (China) Co., Limited *	Hong Kong	Inactive	100	100
George Kent (PNG) Limited *	Papua New Guinea	Inactive	100	100

* Audited by a firm other than Grant Thornton Malaysia PLT

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
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21. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost:				
- in Malaysia	49,600	20,000	49,600	20,000
- outside Malaysia	2,396	2,396	-	-
	51,996	22,396	49,600	20,000
Less: Allowance for impairment	-	-	(20,522)	-
Share of post-acquisition results	19,624	38,737	-	-
Share of property revaluation reserve	1,054	-	-	-
Unrealised profit	(3,257)	(2,250)	-	-
Dividend received	(29,729)	(29,729)	-	-
Exchange differences	(10,049)	(10,133)	-	-
	29,639	19,021	29,078	20,000

Based on the impairment test performed, the carrying amount of associates was higher than its recoverable amount, determined using fair value less costs of disposal. An impairment loss of RM20,522,000 (2022: Nil) was recognised and included in other losses.

Details of the Level 3 fair value method used in obtaining the recoverable amount are as follows:

Valuation method and key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Adjusted net asset method which derives the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities	Fair value of individual assets and liabilities	The higher the net assets, the higher the fair value

The details of the associates are as follows:

Name of associate	Principal place of business/Country of incorporation	Principal activity	Proportion of ownership interest and voting power held	
			2023	2022
			%	%
PNG Water Limited	Papua New Guinea	Water concession	19	19
Dynacare Sdn. Bhd.	Malaysia	Manufacturing and dealing of rubber gloves and medical personal protection equipment	40	40

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
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21. INVESTMENT IN ASSOCIATES *cont'd*

(a) The investment in PNG Water Limited is classified as an associate notwithstanding its 19% shareholding since a Director of the Company has been appointed to the Board of PNG Water Limited. A subsidiary of the Company is providing operation and maintenance services to the associate. The Group also participates in policy decision-making and provides technical assistance to PNG Water Limited.

(b) In the previous year, the Company acquired 20,000,000 ordinary shares in Dynacare Sdn. Bhd. ("Dynacare"), representing 40% of the equity interest for a total cash consideration of RM20.0 million. During the financial year, the Company further acquired 29,600,000 ordinary shares in Dynacare, representing 40% of the equity interest of Dynacare for a total cash consideration of RM29.6 million.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group and the Company, is as follows:

	The Group	
	2023	**2022**
	RM'000	**RM'000**
Assets and liabilities:		
Total assets	138,790	123,614
Total liabilities	(49,598)	(64,562)
Results:		
Revenue	4,893	319
Loss for the year	(47,139)	(5,524)
Other comprehensive income	2,635	-

The financial statements of these associates are audited by a firm other than Grant Thornton Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
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22. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of year	(6,361)	(2,850)	(6,901)	(2,850)
Recognised in profit or loss (Note 10):				
Property, plant and equipment	(342)	(305)	(342)	(305)
Other intangible assets	41	(586)	41	(586)
Investment in associate	242	540	-	-
Others	438	(1,296)	438	(1,296)
	379	(1,647)	137	(2,187)
Recognised in other comprehensive income:				
Revaluation of property, plant and equipment	-	(1,864)	-	(1,864)
At end of year	(5,982)	(6,361)	(6,764)	(6,901)

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 deferred taxes relate to the same tax authority.

The deferred tax assets/(liabilities) provided in the financial statements represent the tax effects of the following:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets (before offsetting):				
Temporary differences arising from:				
Investment in associate	782	540	-	-
Others	5,084	3,980	5,084	3,980
	5,866	4,520	5,084	3,980
Offsetting	(5,084)	(3,980)	(5,084)	(3,980)
Deferred tax assets (after offsetting)	782	540	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

22. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

The deferred tax assets/(liabilities) provided in the financial statements represent the tax effects of the following: *cont'd*

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities (before offsetting):				
Temporary differences arising from:				
Property, plant and equipment	(3,458)	(3,116)	(3,458)	(3,116)
Other intangible assets	(3,892)	(3,933)	(3,892)	(3,933)
Revaluation of property, plant and equipment	(3,727)	(3,727)	(3,727)	(3,727)
Others	(771)	(105)	(771)	(105)
	(11,848)	(10,881)	(11,848)	(10,881)
Offsetting	5,084	3,980	5,084	3,980
Deferred tax liabilities (after offsetting)	(6,764)	(6,901)	(6,764)	(6,901)
At end of year	(5,982)	(6,361)	(6,764)	(6,901)

23. INVENTORIES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net realisable value:				
Raw materials and components	74,628	48,724	71,541	44,371
Work-in-progress	15,990	18,873	15,148	17,743
Finished goods	9,830	7,669	9,819	7,669
Trading goods for resale	5,585	5,773	5,585	5,773
	106,033	81,039	102,093	75,556
Recognised in profit or loss:				
Inventories recognised as cost of sales	100,311	100,718	100,260	99,712
Inventories written down	508	622	92	516
Reversal of inventories written down	(1,019)	(964)	(638)	(880)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
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23. INVENTORIES *cont'd*

Reversal of inventories written down was made during the year when the related inventories were sold.

Inventories cost include the following charges during the financial year:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Employees benefits expenses (Note 12)	7,261	7,114	5,852	5,731

24. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
External parties:				
Trade	54,278	87,079	27,276	72,782
Retention amount	3,347	26,835	3,347	26,835
Subsidiaries	-	-	29,761	4,546
Associate	14,135	-	14,135	-
	71,760	113,914	74,519	104,163
Less: Allowance for impairment	(292)	(1,430)	-	(1,135)
Trade receivables, net	71,468	112,484	74,519	103,028
Other receivables				
Amounts due from:				
Subsidiaries	-	-	74,527	86,929
Associates	7,684	5,921	1,309	-
	7,684	5,921	75,836	86,929
Non-trade receivables	18,238	15,690	13,346	12,609
Advances to contractors	397	2,760	397	2,760
Goods and Services Tax receivable - net	104	4,550	-	4,455
Refundable deposits	869	743	824	698
	27,292	29,664	90,403	107,451
Less: Allowance for impairment	(171)	(171)	-	-
	27,121	29,493	90,403	107,451
Total trade and other receivables	98,589	141,977	164,922	210,479

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
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24. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on credit terms of 30 to 90 days (2022: 30 to 90 days) except for an associate amount with a balance of RM14,135,000 (2022: Nil) with interest rate of 5.50% (2022: Nil) per annum.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and receivable on demand except for a balance of RM27,351,000 (2022: RM41,588,000) with average interest rate of 3.83% (2022: 3.09%) per annum.

(c) Amounts due from associates

Amounts due from associates are unsecured, non-interest bearing and receivable on demand.

Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Not past due	47,303	60,635	41,256	52,942
Past due 1 - 30 days	13,551	18,879	14,974	18,879
Past due 31 - 60 days	1,446	11,348	8,062	11,348
Past due 61 - 90 days	150	776	2,057	776
Past due more than 90 days	9,018	20,846	8,170	19,083
	24,165	51,849	33,263	50,086
Impaired	292	1,430	-	1,135
	71,760	113,914	74,519	104,163
Contract assets	116,747	145,797	116,747	145,797

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM24,165,000 (2022: RM51,849,000) and RM33,263,000 (2022: RM50,086,000) respectively that are past due at the reporting date but not impaired because there has not been a significant change in credit quality and the amounts are still considered recoverable. Trade receivables that are past due but not impaired are unsecured.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
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24. TRADE AND OTHER RECEIVABLES *cont'd*

Receivables that are impaired

The trade receivables that are impaired at the end of the reporting year and the movement of the allowance account used to record the impairment are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of year	1,430	1,450	1,135	1,135
Written off	(1,135)	(22)	(1,135)	-
Exchange differences	(3)	2	-	-
At end of year	292	1,430	-	1,135

The other receivables that are impaired at the end of the reporting year and the movement of the allowance account used to record the impairment are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning/end of year	171	171	-	-

25. CONTRACT ASSETS/(LIABILITIES)

	The Group and The Company	
	2023	2022
	RM'000	RM'000
Construction costs incurred to date	2,139,890	2,024,293
Attributable profits	633,121	617,152
	2,773,011	2,641,445
Less: Progress billings	(2,656,264)	(2,499,755)
	116,747	141,690
Presented as:		
Contract assets	116,747	145,797
Contract liabilities	-	(4,107)

NOTES TO THE FINANCIAL STATEMENTS
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25. CONTRACT ASSETS/(LIABILITIES) *cont'd*

The Group and the Company issue progress billings to customers when the billing milestones are attained and recognise revenue when performance obligations are satisfied. Contract assets decreased as billings had been issued to customers in respect of work already performed.

Construction contracts include the following charges incurred during the financial year:

	The Group and The Company	
	2023	2022
	RM'000	RM'000
Depreciation of property, plant and equipment (Note 15)	43	134
Depreciation of right-of-use assets (Note 16)	54	82
Employees benefits expenses (Note 12)	5,476	6,920

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group			
	2023		2022	
	Carrying amount	Market value	Carrying amount	Market value
	RM'000	RM'000	RM'000	RM'000
Equity instruments (quoted outside Malaysia)	123	123	115	115

27. DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	152,763	53,969	91,505	39,603
Cash and bank balances	76,586	175,127	66,143	114,859
Short-term highly liquid investments	20,828	54,270	15,714	49,268
	250,177	283,366	173,362	203,730
Less: Time deposits	(27,341)	(25,842)	(25,793)	(24,423)
Less: Bank overdrafts (Note 31)	(3,182)	(40)	(3,182)	(40)
Cash and cash equivalents	219,654	257,484	144,387	179,267

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27. DEPOSITS, CASH AND BANK BALANCES *cont'd*

Time deposits are deposits placed with licensed banks for maturities periods of more than three months.

Included in the time deposits placed with licensed banks of the Group and of the Company are RM8,882,000 (2022: RM5,419,000) and RM7,334,000 (2022: RM4,000,000) respectively which are pledged as securities for banking facilities granted to the Group and to the Company (Note 31).

The effective interest rates of deposits as at the end of the financial year is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	%	%	%	%
Deposits with licensed banks	0.05 – 20.00	0.05 – 2.00	1.75 – 3.35	1.30 – 1.75

The maturity periods of deposits with licensed banks range from 1 to 365 days (2022: 1 to 365 days).

28. SHARE CAPITAL

	The Group and The Company			
	Number of shares			
	2023	2022	2023	2022
	'000	'000	RM'000	RM'000
Issued and fully paid with no par value:				
At beginning/end of year	563,269	563,269	187,756	187,756

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

29. TREASURY SHARES

	The Group and The Company	
	2023	2022
	RM'000	RM'000
At cost:		
At beginning of year	38,300	37,433
Repurchased during the year	150	867
At end of year	38,450	38,300

NOTES TO THE FINANCIAL STATEMENTS

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29. TREASURY SHARES *cont'd*

As at 31 March 2023, the Company repurchased a total of 41,310,000 of its shares from the open market for a total consideration of RM38,450,441. Subsequent to 31 March 2023 and up to the date of this report, a total of 200,000 shares were repurchased from the open market for a total consideration of RM88,686. All these repurchased shares are held as treasury shares in accordance with Section 127(4)(b) of the Companies Act, 2016 and no treasury shares have been cancelled or resold to date. The repurchases of these shares were financed by internally generated funds.

30. RESERVES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Foreign currency translation reserve	(10,046)	(11,268)	-	-
Property revaluation reserve	36,595	35,541	33,557	33,557
Fair value reserve	(3,008)	(3,197)	-	(777)
	23,541	21,076	33,557	32,780

30.1 Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

30.2 Property Revaluation Reserve

The revaluation reserve represents the difference between the cost and the fair value of land and buildings.

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of year	35,541	37,405	33,557	35,421
Decrease arising from the revision of the real property gain tax rate	-	(1,864)	-	(1,864)
Share of property revaluation reserve of an associate	1,054	-	-	-
At end of year	36,595	35,541	33,557	33,557

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30. RESERVES *cont'd*

30.3 Fair Value Reserve

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTOCI (recycling)	(1,064)	(2,325)	-	-
Financial assets at FVTOCI (non-recycling)	(1,944)	(872)	-	(777)
	(3,008)	(3,197)	-	(777)

31. LOANS AND BORROWINGS

	Note	Maturity	The Group		The Company	
			2023	2022	2023	2022
			RM'000	RM'000	RM'000	RM'000
Current						
Secured:						
Revolving credits	(a)	2024 (2022: 2023)	43,878	44,024	40,000	40,000
Bankers' acceptances	(b)	2024 (2022: 2023)	19,275	27,839	19,275	27,839
Lease liabilities (Note 32)	(d)	2023	-	118	-	28
Bank overdraft (Note 27)	(e)		3,182	40	3,182	40
			66,335	72,021	62,457	67,907
Unsecured:						
Bond	(c)	2024 (2022: 2023)	99	60	99	60
Lease liabilities (Note 32)	(d)	2024 (2022: 2023)	546	637	63	135
			645	697	162	195
			66,980	72,718	62,619	68,102
Non-Current						
Unsecured:						
Bond	(c)	2026 (2022: 2026)	131,233	130,977	131,233	130,977
Lease liabilities (Note 32)	(d)	2025 - 2029 (2022: 2024 - 2028)	1,376	207	337	203
			132,609	131,184	131,570	131,180
Total loans and borrowings			199,589	203,902	194,189	199,282

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31. LOANS AND BORROWINGS *cont'd*

The remaining maturities of the borrowings as at the end of the reporting year are as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
On demand or within one year	66,980	72,718	62,619	68,102
More than 1 year and less than 2 years	571	100	61	97
More than 2 years and less than 5 years	131,948	131,075	131,422	131,074
More than 5 years	90	9	87	9
	199,589	203,902	194,189	199,282

(a) Revolving credits

The revolving credits are secured by:
(i) first party legal charge over a landed property of the Company (Note 15); and
(ii) pledge of fixed deposits with licensed banks (Note 27).

The revolving credits bear interest at rates ranging from 0.45% to 5.24% (2022: 0.45% to 5.27%) per annum.

(b) Bankers' acceptances

The banker acceptances are secured by a legal charge over a landed property of the Company (Note 15) and bear interest at rates ranging from 3.67% to 4.59% (2022: 2.99% to 3.08%) per annum.

(c) Bond

The Company issued RM132 million Sukuk pursuant to the Sukuk Wakalah Programme on 26 March 2021. The Sukuk, which was issued at par, unsecured, carries a coupon rate of 5.50% (2022: 5.50%) per annum (payable semiannually in arrears) and has a tenure of five (5) years from the date of issuance, maturing on 26 March 2026.

(d) Lease liabilities

The lease liabilities bear interest at rates ranging from 2.37% to 10.68% (2022: 2.37% to 8.28%) per annum.

(e) Bank overdraft

The bank overdraft is denominated in RM, bears interest rate of 6.65% (2022: 5.51%) per annum and secured by a charge over a landed property of the Company (Note 15).

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cont'd

32. LEASE LIABILITIES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Total outstanding	2,151	1,018	497	409
Less: Interest in suspense outstanding	(229)	(56)	(97)	(43)
Principal outstanding	1,922	962	400	366
Less: Amount due for settlement within 12 months (current portion)	(546)	(755)	(63)	(163)
Non-current portion	1,376	207	337	203

The terms of the lease arrangements range from 2 to 7 years (2022: 2 to 6 years). The non-current portion is repayable as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current				
- more than 1 year and less than 2 years	571	100	61	97
- more than 2 years and less than 5 years	715	98	189	97
- more than 5 years	90	9	87	9
	1,376	207	337	203

33. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current:				
Trade payables				
External parties:				
Trade	44,376	78,107	44,293	77,647
Retention amount	17,301	27,787	17,301	27,787
	61,677	105,894	61,594	105,434

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33. TRADE AND OTHER PAYABLES *cont'd*

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables				
Amounts due to subsidiaries	-	-	2,427	2,399
Non-trade payables	2,640	3,014	1,088	1,756
Deferred grant income	217	220	217	220
Accrued expenses	7,237	5,432	5,768	4,880
	10,094	8,666	9,500	9,255
	71,771	114,560	71,094	114,689
Non-current:				
Other payables				
Deferred grant income	1,404	1,621	1,404	1,621

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company range from 30 to 90 days (2022: 30 to 90 days).

(b) Other payables

Other payables mainly consist of non-trade payables which are non-interest bearing. The normal credit terms granted to the Group and the Company range from 30 to 90 days (2022: 30 to 90 days).

(c) Amounts due to subsidiaries

Amounts due to subsidiaries which arising from non-trade transactions are non-interest bearing, unsecured and repayable on demand.

(d) Deferred grant income

The non-current portion of deferred grant income is as follows:

	The Group and The Company	
	2023	**2022**
	RM'000	**RM'000**
More than 1 year and less than 2 years	217	217
More than 2 years and less than 5 years	496	638
More than 5 years	691	766
	1,404	1,621

34. RELATED PARTY TRANSACTIONS

	The Company	
	2023	2022
	RM'000	RM'000
Transactions with subsidiaries:		
Payment on behalf of	5,431	14,227
Payment on behalf from	40,092	32,000
Sales	63,179	57,853
Purchases	7,796	38,362
Rental income (Note 7)	262	262
Interest income (Note 7)	1,412	647
Dividend income	-	49,000
Property, plant and equipment transferred from	2,133	-

During the financial year, significant related party transactions undertaken between the Group and the Company with related parties determined on a basis negotiated with the related parties are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Transactions with corporations in which certain Directors have interest in:				
Construction of a manufacturing plant	42,218	56,312	70,363	93,854
Interest income (Note 7)	1,187	-	1,187	-
Share registration charge and secretarial fees	48	49	48	49

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 24 and 33.

Compensation of key management personnel

The key management personnel of the Group and of the Company include Directors of the Company and certain members of senior management of the Group and of the Company.

The remuneration of Directors are disclosed in Note 13 and other members of key management personnel during the year is as follows:

	The Group and The Company	
	2023	2022
	RM'000	RM'000
Salaries and other emoluments	2,304	2,724
Benefits-in-kind	14	14
	2,318	2,738

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For the Financial Year Ended 31 March 2023
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35. CAPITAL COMMITMENTS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Approved and contracted for:				
Property, plant and equipment	4,280	683	2,849	125
Approved but not contracted for:				
Property, plant and equipment	5	82	5	7

36. CONTINGENT LIABILITIES

The Company has, after seeking professional advice, treated the contract of a project as qualifying for zero-rating under the transitional provisions of the Goods and Services Tax Act, 2014 ("GST Act"). The Royal Malaysian Customs Department ("Customs") has, however, challenged this and takes the view that the contract is not eligible for zero-rating. The amount being contested is approximately RM28.8 million. The Company had appealed against this decision by Customs. The Customs Appeal Tribunal ("CAT") had ruled in favour of the Company. Customs' appeal to the High Court was heard on 21 April 2021 and fixed for decision on 14 June 2021. On 14 June 2021, the High Court delivered its decision wherein it dismissed Customs' appeal to the High Court. This means that the High Court has affirmed the decision of the CAT. Customs had filed its appeal to the Court of Appeal and the matter is fixed for case management on 14 November 2023.

Despite the fact that the Company was successful in its appeal before the CAT and the CAT's decision has not been overruled by the High Court, Customs issued a Bill of Demand demanding payment of the sum of RM28.8 million. The Company had filed an application for leave to commence judicial review proceedings to challenge the issuance of the Bill of Demand on the ground that it is illegal and unreasonable since it was issued in direct contravention of the binding decision of the CAT. The Company's application for judicial review is rescheduled for case management on 21 November 2023.

Based on legal advice, the Directors are of the opinion that no provision in respect of the GST liabilities and penalty in dispute are required to be made in the financial statements as at the reporting date.

Save for the above, there were no other material contingent liabilities or contingent assets.

37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Capital risk management

The primary objective of the Group's capital management is to ensure healthy capital ratios in order to support its business and maximise shareholders' value.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(a) Capital risk management *cont'd*

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust its dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made to the Group's objectives, policies or processes during the financial year ended 31 March 2023.

The Group's policy is to maintain a sustainable gearing ratio to meet its existing requirements, taking into consideration the facilities agreements entered into by the Group. The Group includes in net debt its loans and borrowings, lease liabilities, trade and other payables less cash and bank balances. Capital refers to equity attributable to owners.

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	199,589	203,902	194,189	199,282
Trade and other payables	71,554	114,340	70,877	114,469
Less: Deposits, cash and bank balances	(250,177)	(283,366)	(173,362)	(203,730)
Net debt	20,966	34,876	91,704	110,021
Capital attributable to the owners of the Company	527,214	538,080	471,170	489,181
Capital and net debt	548,180	572,956	562,874	599,202
Gearing ratio	4%	6%	16%	18%

(b) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is and has been throughout the current financial year and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use of hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
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37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(c) Categories of financial instruments

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Amortised cost:				
Trade and other receivables	98,088	134,667	164,525	203,264
Deposits, cash and bank balances	250,177	283,366	173,362	203,730
Financial assets at FVTPL:				
Quoted equity securities	123	115	-	-
Financial assets at FVTOCI:				
Quoted bonds	13,903	15,239	-	-
Quoted equity securities	18,405	17,829	10	9
Unquoted equity securities	11,732	1,331	-	1,331
Financial liabilities				
Amortised cost:				
Trade and other payables	71,554	114,340	70,877	114,469
Loans and borrowings	199,589	203,902	194,189	199,282

(d) 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 and the Company's exposure to credit risk arises primarily from trade and other receivables, contract assets and cash and cash equivalents. For financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objectives are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

At the reporting year, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
cont'd

37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(d) Credit risk *cont'd*

The Group and the Company determine concentrations of credit risk by monitoring the geographical segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date is as follows:

	The Group			
	2023		2022	
	RM'000	%	RM'000	%
By country:				
Malaysia	45,698	64	99,426	88
Vietnam	12,751	18	3,178	3
Others	13,019	18	9,880	9
	71,468	100	112,484	100

	The Company			
	2023		2022	
	RM'000	%	RM'000	%
By country:				
Malaysia	44,758	60	98,482	96
Singapore	29,761	40	4,546	4
	74,519	100	103,028	100

At the end of the reporting year, the Group's and the Company's concentration of credit risk approximately 57% (2022: 49%) and 80% (2022: 53%) respectively of trade receivables were due from customers spread across various industries located in and outside Malaysia.

Information regarding financial assets that are either past due or impaired is disclosed in Note 24. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(e) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. At the end of the reporting year, approximately 34% (2022: 36%) and 32% (2022: 34%) respectively of the Group's and of the Company's loans and borrowings (Note 31) will mature in less than one year based on the carrying amount reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
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37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(e) Liquidity risk *cont'd*

Analysis of financial instruments by remaining contractual maturities

The Group	Note	Effective interest/ profit rate per annum	Maturity profile Less than 1 year	1 - 2 years	More than 2 years and less than 5 years	More than 5 years	Total
		%	RM'000	RM'000	RM'000	RM'000	RM'000
Financial Liabilities 31 March 2023							
Non-interest bearing:							
Trade payables	33	-	61,677	-	-	-	61,677
Other payables and accrued expenses	33	-	9,877	-	-	-	9,877
			71,554	-	-	-	71,554
Interest bearing:							
Long-term borrowings	31	5.50 - 10.68	-	8,157	139,423	96	147,676
Short-term borrowings	31	0.45 - 10.68	74,597	-	-	-	74,597
			74,597	8,157	139,423	96	222,273
Financial Liabilities 31 March 2022							
Non-interest bearing:							
Trade payables	33	-	105,894	-	-	-	105,894
Other payables and accrued expenses	33	-	8,446	-	-	-	8,446
			114,340	-	-	-	114,340
Interest bearing:							
Long-term borrowings	31	5.50 - 8.28	-	7,630	146,023	9	153,662
Short-term borrowings	31	0.45 - 8.28	80,270	-	-	-	80,270
			80,270	7,630	146,023	9	233,932

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(e) Liquidity risk *cont'd*

Analysis of financial instruments by remaining contractual maturities *cont'd*

The Company	Note	Effective interest/ profit rate per annum	Maturity profile Less than 1 year	1 - 2 years	More than 2 years and less than 5 years	More than 5 years	Total
		%	RM'000	RM'000	RM'000	RM'000	RM'000
Financial Liabilities 31 March 2023							
Non-interest bearing:							
Trade payables	33	-	61,594	-	-	-	61,594
Other payables and accrued expenses	33	-	9,283	-	-	-	9,283
			70,877	-	-	-	70,877
Interest bearing:							
Long-term borrowings	31	5.50 - 8.28	-	7,602	138,882	93	146,577
Short-term borrowings	31	2.37 - 8.28	70,164	-	-	-	70,164
			70,164	7,602	138,882	93	216,741
Financial Liabilities 31 March 2022							
Non-interest bearing:							
Trade payables	33	-	105,434	-	-	-	105,434
Other payables and accrued expenses	33	-	9,035	-	-	-	9,035
			114,469	-	-	-	114,469
Interest bearing:							
Long-term borrowings	31	5.50 - 8.28	-	7,627	146,022	9	153,658
Short-term borrowings	31	2.37 - 8.28	75,641	-	-	-	75,641
			75,641	7,627	146,022	9	229,299

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(f) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arise primarily from their loans and borrowings which are interest bearing at floating rates.

The interest rate risk arising from floating rate loans and borrowings are mitigated by the Group's and the Company's deposits with licensed banks which are generating interest income at fixed rates. All of the Group's and the Company's financial liabilities at floating rates are contractually re-priced quarterly or at maturity date whichever is applicable.

The interest rate profile of the Company's interest-bearing financial instruments based on their carrying amounts as at reporting date are as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Deposits with licensed banks	152,763	53,969	91,505	39,603
Trade receivables (associate)	14,135	-	14,135	-
Bond	(131,332)	(131,037)	(131,332)	(131,037)
Bank overdraft	(3,182)	(40)	(3,182)	(40)
	32,384	(77,108)	(28,874)	(91,474)
Floating rate instruments				
Other receivables (subsidiaries)	-	-	27,351	41,588
Loans and borrowings (exclude bond and bank overdraft)	(65,075)	(72,825)	(59,675)	(68,205)
	(65,075)	(72,825)	(32,324)	(26,617)

Fair value sensitivity analysis for fixed rate instrument

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.5% in interest rate at the end of the reporting year would have increased/(decreased) the net profit/(loss)/equity for the financial year by the amount shown below. The analysis assumes that other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

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37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(f) Interest rate risk *cont'd*

Cash flow sensitivity analysis for floating rate instruments cont'd

Floating rate instruments	Net profit/(loss) for the financial year		Net equity for the financial year	
	RM'000	RM'000	RM'000	RM'000
	+0.5%	-0.5%	+0.5%	-0.5%
The Group				
2023	(325)	325	(325)	325
2022	(364)	364	(364)	364
The Company				
2023	(162)	162	(162)	162
2022	(133)	133	(133)	133

(g) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company have foreign currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currency of the Group and the Company. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro ("EUR").

Carrying amounts of the Group's and of the Company's exposure to foreign currency risk is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Denominated in USD				
Deposit, cash and bank balances	46,765	51,658	3,989	4,129
Trade and other receivables	30,369	43,781	28,830	53,471
Financial assets at FVTOCI	36,127	25,135	-	1,331
Trade and other payables	(9,327)	(31,918)	(9,318)	(31,486)
	103,934	88,656	23,501	27,445

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023
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37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(g) Foreign currency risk *cont'd*

Carrying amounts of the Group's and of the Company's exposure to foreign currency risk is as follows: *cont'd*

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Denominated in SGD				
Deposit, cash and bank balances	58,472	63,311	48,375	45,956
Trade and other receivables	17,115	28,397	28,229	27,279
Financial assets at FVTPL	123	115	-	-
Financial assets at FVTOCI	57	189	-	-
Loans and borrowings	(1,506)	(590)	-	-
Trade and other payables	(216)	(385)	-	-
	74,045	91,037	76,604	73,235
Denominated in EUR				
Deposit, cash and bank balances	1,115	2,001	1,091	1,961
Trade and other receivables	15,531	15,308	15,531	15,308
Financial assets at FVTOCI	6,367	7,211	-	-
Loans and borrowings	(3,878)	(4,024)	-	-
Trade and other payables	(998)	(286)	(998)	(286)
	18,137	20,210	15,624	16,983

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and of the Company's exposure to foreign currency risk.

37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(g) Foreign currency risk *cont'd*

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's net profit/(loss)/equity to a reasonably possible change in the USD, SGD and EUR against the respective functional currency of the Group and of the Company, with all other variables held constant.

		The Group		The Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
USD/RM	-strengthened 5%	5,197	4,433	1,175	1,372
	-weakened 5%	(5,197)	(4,433)	(1,175)	(1,372)
SGD/RM	-strengthened 5%	3,702	4,552	3,830	3,662
	-weakened 5%	(3,702)	(4,552)	(3,830)	(3,662)
EUR/RM	-strengthened 5%	907	1,011	781	849
	-weakened 5%	(907)	(1,011)	(781)	(849)

The above sensitivity analysis is unrepresentative of the inherent foreign currency risk because the year end exposure does not reflect the exposure during the year.

(h) Market price risk

Market price 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 price (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investments in debt and equity instruments. These instruments are classified at as financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. The Group does not have any exposure to commodity price risks.

The Group's objective is to manage investment returns and equity price risk using a mix of investment-grade shares with steady dividend yield and non-investment-grade shares with higher volatility. Any deviation from this policy is required to be approved by the Board of Directors.

The carrying amounts of the Group's and of the Company's financial assets that are subject to market price risk are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVTOCI	44,040	34,399	10	1,340

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cont'd

37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(h) Market price risk *cont'd*

Market price risk sensitivity analysis

A change in 5% in the market price at the end of the reporting year would have increased/(decreased) the net profit/equity for the financial year by the amount shown below. This analysis assumes that other variables, remain constant.

	Net profit/ equity for the financial year	
	RM'000	RM'000
	+5%	-5%
The Group		
2023	2,202	(2,202)
2022	1,720	(1,720)

The above sensitivity analysis is unrepresentative of the inherent equity price risk because the year end exposure does not reflect the exposure during the financial year.

The exposure on the market price risk for the Company is immaterial.

Financial instruments that are not carried at fair value on a recurring basis (but fair value disclosures are required)

The carrying amounts of the financial assets and financial liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or insignificant impact of discounting.

The following table presents the Group's and the Company's other financial assets and financial liabilities that are measured at fair value as at year end.

	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000
The Group			
2023			
Financial assets			
At FVTPL:			
Quoted equity securities	123	-	-
At FVTOCI:			
Quoted bonds	13,903	-	-
Quoted equity securities	18,405	-	-
Unquoted equity securities	-	-	11,732

NOTES TO THE FINANCIAL STATEMENTS
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37. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *cont'd*

(h) Market price risk *cont'd*

The following table presents the Group's and the Company's other financial assets and financial liabilities that are measured at fair value as at year end. *cont'd*

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
The Group *cont'd*			
2022			
Financial assets			
At FVTPL:			
Quoted equity securities	115	-	-
At FVTOCI:			-
Quoted bonds	15,239	-	-
Quoted equity securities	17,829	-	-
Unquoted equity securities	-	1,331	-

	Level 1 RM'000	Level 2 RM'000
The Company		
2023		
Financial assets		
At FVTOCI:		
Quoted equity securities	10	-
Unquoted equity securities	-	-
2022		
Financial assets		
At FVTOCI:		
Quoted equity securities	9	-
Unquoted equity securities	-	1,331

There were no transfers between fair value hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
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38. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Engineering

(ii) Metering

(iii) Others

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group's financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

	Engineering		Metering		Others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2023	2022	2023	2022	2023	2022	2023	2022		2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue											
External customers	103,421	202,493	143,619	152,731	-	-	-	-		247,040	355,224
Results:											
Interest income	24	39	94	12	7,229	2,881	(1,412)	(647)		5,935	2,285
Depreciation and amortisation	(141)	(127)	(5,262)	(5,339)	(900)	(932)	-	-		(6,303)	(6,398)
Other non-cash (expenses)/income	-	(584)	(175)	(1,334)	2,632	575	3,017	666	A	5,474	(677)
Segment profit	8,867	24,107	33,406	42,061	(15,856)	(2,506)	(18,665)	(19,598)	B	7,752	44,064
Assets:											
Additions to non-current assets	-	3	5,601	11,965	-	-	108	161	C	5,709	12,129
Segment assets	198,225	291,132	236,269	185,350	201,334	203,493	171,507	189,797		807,335	869,772
Segment liabilities	52,853	96,660	16,013	19,372	7,359	6,471	203,896	209,189		280,121	331,692

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

38. SEGMENT INFORMATION *cont'd*

Note Amounts reported in the consolidated financial statements consist of the following:

A Other material non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:

	2023 RM'000	2022 RM'000
Other receivables written off	(25)	-
Property, plant and equipment written off	-	(587)
Other intangible assets written off	(117)	(1,519)
Inventories written down	(508)	(622)
Unrealised gain on foreign exchange	5,097	1,072
Reversal for inventories written down	1,019	964
Fair value gain on financial assets at FVTPL	8	15
	5,474	(677)

B Inter-segment revenue and expenses eliminations.

C Additions to non-current assets consist of:

	2023 RM'000	2022 RM'000
Property, plant and equipment	1,488	6,561
Right-of-use assets	1,899	81
Other intangible assets	2,322	5,487
	5,709	12,129

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	173,575	287,612	150,469	152,726
Overseas	73,465	67,612	4,256	3,356
	247,040	355,224	154,725	156,082

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2023
cont'd

38. SEGMENT INFORMATION *cont'd*

The non-current assets information presented above consists of the following items as presented in the consolidated statement of financial position:

	2023 RM'000	2022 RM'000
Property, plant and equipment	128,764	131,187
Right-of-use assets	1,911	788
Other intangible assets	24,050	24,107
	154,725	156,082

Information about major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue generated from metering and engineering segments:

	The Group	
	2023 RM'000	2022 RM'000
Engineering		
Customer A	30,046	67,212
Customer B	42,218	56,312
Customer C	32,223	49,211
Metering		
Customer A	38,744	43,780

STATEMENT BY DIRECTORS

The Directors of **GEORGE KENT (MALAYSIA) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

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

TAN SRI DATO' TAN KAY HOCK

OOI CHIN KHOON

6 July 2023

DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **ONG KUM WENG**, the Officer primarily responsible for the financial management of **GEORGE KENT (MALAYSIA) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ONG KUM WENG
MIA 9432

Subscribed and solemnly declared by the
abovenamed **ONG KUM WENG** at
KUALA LUMPUR on 6 July 2023

Before me,

RAMATHILAGAM A/P T RAMASAMY (W671)
Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2023

Total Number of Shares Issued	:	563,269,065
Class of Securities	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

No. of Shareholders	%	Size of Shareholdings	No. of Shares#	% #
621	5.68	Less than 100 shares	30,818	0.01
1,243	11.36	100 to 1,000 shares	787,098	0.15
5,641	51.58	1,001 to 10,000 shares	29,136,733	5.58
3,053	27.92	10,001 to 100,000 shares	97,799,013	18.74
374	3.42	100,001 to less than 5% of issued shares	228,126,641	43.72
4	0.04	5% and above of issued shares	165,878,762	31.80
10,936	**100.00**	**Total**	**521,759,065**	**100.00**

\# *Excludes a total of 41,510,000 ordinary shares bought back by the Company and held as treasury shares as per Record of Depositors dated 30 June 2023*

LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS
(as per the Record of Depositors)

No.	Name of Shareholders	No. of Shares Held	%
1	CITIGROUP NOMINEES (ASING) SDN BHD *BANK OF SINGAPORE LIMITED FOR STAR WEALTH INVESTMENT LIMITED*	78,999,999	15.14
2	RHB NOMINEES (ASING) SDN BHD *TAN SWEE BEE*	33,305,250	6.38
3	TAN KAY HOCK	26,886,014	5.15
4	CITIGROUP NOMINEES (ASING) SDN BHD *BANK OF SINGAPORE LIMITED FOR KIN FAI INTERNATIONAL LIMITED*	26,687,499	5.11
5	JOHAN EQUITIES SDN BHD	23,589,000	4.52
6	CITIGROUP NOMINEES (ASING) SDN BHD *BANK OF SINGAPORE LIMITED FOR KWOK HENG HOLDINGS LIMITED*	19,702,606	3.78
7	LOTUS GLOBAL INVESTMENTS LTD	18,475,735	3.54
8	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR STANDARD CHARTERED BANK SINGAPORE (EFGBHK-ASING)*	18,272,499	3.50
9	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR MORGAN STANLEY & CO. INTERNATIONAL PLC (IPB CLIENT ACCT)*	16,821,425	3.22
10	DB (MALAYSIA) NOMINEE (ASING) SDN BHD *DEUTSCHE BANK AG SINGAPORE FOR ALBULA INVESTMENT FUND LIMITED*	15,976,100	3.06

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2023
cont'd

LIST OF THIRTY LARGEST REGISTERED SHAREHOLDERS *cont'd*
(as per the Record of Depositors)

No.	Name of Shareholders	No. of Shares Held	%
11	TAN SWEE BEE	10,304,997	1.97
12	NGU CHENG WEN	3,800,000	0.73
13	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEONG KAM CHEE (002)*	2,650,000	0.51
14	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG CHAI HOCK (MY0972)*	2,277,300	0.44
15	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND*	1,855,600	0.36
16	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC*	1,472,186	0.28
17	FOONG NGET LEE	1,310,000	0.25
18	TANG GEONG KOANG	1,280,748	0.25
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR TOH HOOI HAK (PB)*	1,279,800	0.25
20	KHOR KENG SAW @ KHAW AH SOAY	1,126,661	0.22
21	NAVANEETHA RAJAH A/L SELVADURAI	1,050,000	0.20
22	UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	1,040,947	0.20
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SIAW TECK SIONG (E-PDG)*	1,026,000	0.20
24	TA NOMINEES (TEMPATAN) SDN BHD (268290H) *PLEDGED SECURITIES ACCOUNT FOR ONG ENG TAIK*	1,000,000	0.19
25	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES*	963,000	0.18
26	TA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG JIE SEAK*	895,000	0.17
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SIAW TECK SIONG*	878,900	0.17
28	CIMB GROUP NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR DBS BANK LTD (SFS)*	837,200	0.16
29	HSBC NOMINEES (ASING) SDN BHD *CACEIS BANK FOR HMG GLOBETROTTER*	790,000	0.15
30	APEX NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LEE CHEE KEONG (STA 5)*	785,000	0.15
		315,339,466	**60.43**

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2023
cont'd

SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2023
(as per the Register of Substantial Shareholders)

	No. of Ordinary Shares			
Name of Substantial Shareholder	**Direct Interest**	**%#**	**Deemed Interest**	**%#**
Star Wealth Investment Limited	78,999,999	15.14	-	-
Kin Fai International Limited	26,687,499	5.11	-	-
Tan Sri Dato' Tan Kay Hock	26,886,014	5.15	210,861,850*	40.41
Puan Sri Datin Tan Swee Bee	43,610,247	8.36	194,137,617*	37.20

Notes:

* *Deemed interested by virtue of their 100% equity interest in Kwok Heng Holdings Ltd, Kin Fai International Limited, Suncrown Holdings Limited and Star Wealth Investment Limited, and by virtue of Section 8(4) of the Companies Act, 2016 in Johan Equities Sdn Bhd, and also shares held in each other's names.*

\# *Excludes a total of 41,510,000 ordinary shares bought back by the Company and held as treasury shares as per the Record of Depositors dated 30 June 2023.*

DIRECTORS' INTEREST IN SHARES AS AT 30 JUNE 2023
(as per the Register of Directors' Shareholdings)

In George Kent (Malaysia) Berhad	No. of Ordinary Shares			
Name of Director	**Direct Interest**	**%#**	**Deemed Interest**	**%#**
Tan Sri Dato' Tan Kay Hock	26,886,014	5.15	210,861,850*	40.41
Puan Sri Datin Tan Swee Bee	43,610,247	8.36	194,137,617*	37.20
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	52,500	0.01	-	-
Ooi Chin Khoon	28,125	0.01	-	-
Dato' Ahmad Khairummuzammil Bin Mohd Yusoff	-	-	-	-
Teh Bee Tein	-	-	-	-

Notes:

* *Deemed interested by virtue of their 100% equity interest in Kwok Heng Holdings Ltd, Kin Fai International Limited, Suncrown Holdings Limited and Star Wealth Investment Limited, and by virtue of Section 8(4) of the Companies Act, 2016 in Johan Equities Sdn Bhd, and also shares held in each other's names.*

\# *Excludes a total of 41,510,000 ordinary shares bought back by the Company and held as treasury shares as per the Record of Depositors dated 30 June 2023.*

LIST OF PROPERTIES HELD

As at 31 March 2023

PROPERTY DETAILS	Location Description	Area (m^2)	Tenure	Carrying Amount (RM'000)	Age of Building (Years)	Year of Revaluation	Year of Acquisition
1115 Jalan Puchong Taman Meranti Jaya 47120 Puchong Selangor Darul Ehsan	Factory, stores and offices	67,870	Freehold	106,263	25	2021	1996
Section 515, Lot 6 Waigani Drive Hohola NCD Papua New Guinea	Double-storey residential unit	230	99-year leasehold expiring on 28 May 2095	2,153	24	2020	1997

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventy-Second Annual General Meeting ("72nd AGM") of the Company will be conducted virtually on Wednesday, 13 September 2023 at 11:00 a.m. from the Broadcast Venue at Boardroom of Johan Holdings Berhad, 11th Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur and via our Share Registrar's online meeting platform at www.johanmanagement.com.my for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2023 and the Directors' and Auditors' Reports thereon. **(Please refer to Note A)**

2. (a) To re-elect Ms Teh Bee Tein who retires pursuant to Clause 97 of the Constitution of the Company and being eligible, has offered herself for re-election. **Ordinary Resolution 1**

   (b) To re-elect the following Directors who retire by rotation pursuant to Clause 90 of the Constitution of the Company and being eligible, offer themselves for re-election:-

   (i) Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah **Ordinary Resolution 2**

   (ii) Dato' Ahmad Khairummuzammil Bin Mohd Yusoff **Ordinary Resolution 3**

3. To approve the payment of Directors' fees and benefits of up to an amount of RM5,500,000 to Non-Executive Directors for the financial year ending 31 March 2024. **Ordinary Resolution 4**

4. To re-appoint Grant Thornton Malaysia PLT as the Company's External Auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

SPECIAL BUSINESS

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

5. **Retention of Independent Non-Executive Director** **Ordinary Resolution 6**

   "THAT subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Dato' Ahmad Khairummuzammil Bin Mohd Yusoff, who will reach his tenure of service as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 29 June 2024, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

6. **Proposed Renewal of Share Buy-Back Authority to the Company to Purchase Its Own Shares of Up to Ten Per Cent (10%) of Its Total Number of Issued Shares** **Ordinary Resolution 7**

"THAT subject always to the Companies Act, 2016, provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other applicable laws, regulations and guidelines, the Company be and is hereby authorised to allocate the maximum amount of funds not exceeding the retained profits of the Company based on the latest audited and/or unaudited financial statements (where applicable) for the purpose of purchasing such number of ordinary shares in the Company ("GKM Shares") ("Proposed Share Buy-Back") on the stock market of Bursa Securities at any time as may be determined by the Directors of the Company provided that the aggregate number of GKM Shares which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the total number of issued shares of the Company;

THAT the Directors be and are hereby authorised to deal with the GKM Shares so purchased, at their discretion, in the following manner:

(i) cancel the shares so purchased;

(ii) retain the shares so purchased as treasury shares; or

(iii) retain part of the shares so purchased as treasury shares and cancel the remainder of the shares;

THAT where such shares are held as treasury shares, the Directors be and are hereby authorised to deal with the treasury shares in their absolute discretion, in the following manner:

(i) distribute the shares as dividends to shareholders (such dividends to be known as "shares dividends");

(ii) resell the shares or any of the shares in accordance with the relevant rules of Bursa Securities;

(iii) transfer the shares or any of the shares for the purposes of or under an employees' share scheme;

(iv) transfer the shares or any of the shares as purchase consideration;

(v) cancel the shares or any of the shares; or

(vi) sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibilities for companies, may by order prescribe;

NOTICE OF ANNUAL GENERAL MEETING
cont'd

THAT the Directors be and are hereby empowered to carry out the above and such authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

(i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting of the Company,

whichever occurs first,

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all acts and things as they may deem fit, expedient and necessary in the best interest of the Company to give full effect to the Proposed Share Buy-Back contemplated and/or authorised by this resolution."

7. **Authority to Allot and Issue Shares in General Pursuant to Sections 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 8**

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon the terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

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

By order of the Board,

Teh Yong Fah
(SSM PC No.: 201908003410) (MACS 00400)
Gan Lee Mei
(SSM PC No.: 201908003405) (MAICSA 7057081)
Company Secretaries
Kuala Lumpur
Dated: 31 July 2023

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Notes:

A. This Agenda item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act, 2016 and the Constitution of the Company require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this Agenda item is not a business that requires a resolution to be put to the vote by shareholders.

1. The AGM of the Company will be conducted on a virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") Facilities. Only essential individuals are allowed to be physically present at the Broadcast Venue to conduct the virtual AGM. Members/proxies will not be allowed to be physically present at the Broadcast Venue on the day for the AGM. Therefore members/proxies are strongly advised to participate and vote remotely at the AGM through live streaming and RPV Facilities provided by Propoll Solutions Sdn Bhd, the poll administrator of the AGM, via our Share Registrar's website at www.johanmanagement.com.my.

   Please refer to the Administrative Guide for the AGM in order to register, participate and vote via the RPV facilities.

2. Members may submit questions to the Board prior to the AGM using the Question-and-Answer platform at www.johanmanagement.com.my, no later than 11.00 a.m. on Monday, 11 September 2023. Members may also submit questions in typed texts through the online meeting platform during the live-streamed AGM.

3. A Member of the Company entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The instrument appointing proxy(ies) shall be in writing under the hand of the appointor or his attorney, or if such an appointor is a corporation, under its Common Seal or the hands of its attorney. A proxy need not be a Member of the Company.

4. Where a holder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

5. The instrument appointing proxy(ies) and the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at the registered office of the Company at 11th Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur or e-mailed to the Company at johanms1@outlook.com not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjourned meeting (as the case may be).

6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 5 September 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes:-

1. Ordinary Resolution 1 - Proposed Re-election of Director in accordance with Clause 97 of the Company's Constitution

Pursuant to Clause 97 of the Company's Constitution, Ms Teh Bee Tein ("Ms Teh") who was newly appointed as Director of the Company on 20 October 2022, shall hold office until the conclusion of 72nd AGM and shall be eligible for re-election.

Ms Teh had offered herself for re-election at the 72nd AGM. The Board through the Nominating Committee, had assessed the performance of Ms Teh and was satisfied with the performance and effectiveness of Ms Teh. The Board had recommended the re-election of Ms Teh as Director, subject to shareholders' approval at the 72nd AGM. Ms Teh had abstained from deliberation and decision on her own eligibility and suitability to stand for re-election at the respective Nominating Committee and Board resolutions. The profile of Ms Teh is set out in the Profile of Directors of the Annual Report 2023.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

2. Ordinary Resolutions 2 and 3 - Proposed Re-election of Directors in accordance with Clause 90 of the Company's Constitution

Pursuant to Clause 90 of the Company's Constitution, Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah ("Dato' Keizrul") and Dato' Ahmad Khairummuzammil Bin Mohd Yusoff ("Dato' Ahmad K") are due for retirement by rotation at the AGM.

Dato' Keizrul and Dato' Ahmad K had offered themselves for re-election at the 72nd AGM. The Board through the Nominating Committee, conducted an annual performance evaluation of the Directors including Dato' Keizrul and Dato' Ahmad K and was satisfied with their performance and effectiveness. The Board had recommended the re-election of Dato' Keizrul and Dato' Ahmad K as Directors, subject to shareholders' approval at the 72nd AGM. Dato' Keizrul and Dato' Ahmad K had abstained from deliberation and decision on their own eligibility and suitability to stand for re-election at the respective Nominating Committee and Board resolutions. The profiles of Dato' Keizrul and Dato' Ahmad K are set out in the Profile of Directors of the Annual Report 2023.

3. Ordinary Resolution 4 - Directors' Fees and Benefits

The estimated Directors' fees and benefits payable under the Group for financial year ending 31 March 2024 is based on the current Board size and number of scheduled Board and Committee meetings to be held. As disclosed in the Corporate Governance Overview Statement, the total Directors' fees and benefits paid for financial year ended 31 March 2023 amounted to approximately RM4,985,000, compared to the sum of RM5,450,000 approved by shareholders at the last AGM held on 22 September 2022.

4. Ordinary Resolution 6 - Retention of Independent Non-Executive Director

Dato' Ahmad K will reach his tenure of service as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 29 June 2024. In line with the Malaysian Code on Corporate Governance 2021, upon assessment and recommendation of the Nominating Committee, the rest of the Board members were of the unanimous opinion that Dato' Ahmad K should continue to act as an Independent Non-Executive Director of the Company based on the following justification:

(a) He fulfilled the criteria under the definition of "Independent Director" as stated in the Listing Requirements;
(b) He has, over time, developed a deep understanding of the Group's business operations and therefore can contribute to the effectiveness of the Board as a whole;
(c) He does not have any conflict of interest as throughout his tenure of office as an Independent Director of the Company, he has not entered into and is not expected to enter into any contracts which will give rise to any related party transactions with the Company and its subsidiaries;
(d) He remains objective and independent in expressing his views and has actively participated in the deliberations and decision-making process of the Board and Board Committees of which he is a member. His length of service on the Board and Board Committees does not in any way interfere with his exercise of independent judgement and ability to act in the best interest of the Company; and
(e) He had exercised due care during his tenure as an Independent Non-Executive Director, Chairman of the Audit and Risk Management Committee and Nominating Committee, and also member of the Remuneration Committee and had carried out his professional duties in the best interest of the Company and its shareholders.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

5. **Ordinary Resolution 7 - Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 7, if passed, will empower the Directors to purchase the Company's own shares of up to ten per cent (10%) of its total number of issued shares subject to Section 127 of the Companies Act, 2016 and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("Prevailing Laws") at the time of the purchase(s). The proposed share buy-back by the Company may be funded through internally generated funds and/or external borrowings as long as the purchase price is backed by an equivalent amount of retained profits of the Company, subject to compliance with the Prevailing Laws.

Details of the proposed renewal of authority for the Company to purchase its own shares are set out in the Share Buy-Back Statement to Shareholders dated 31 July 2023.

6. **Ordinary Resolution 8 - Authority to Allot and Issue Shares in General Pursuant to Sections 75 and 76 of the Companies Act, 2016**

The proposed Ordinary Resolution, if passed, will empower the Directors to issue shares of the Company of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This would avoid any delays and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

The Company has not issued any new shares under this general authority which was approved at the last AGM held on 22 September 2022 and which will lapse at the conclusion of this AGM. A renewal of this general authority is being sought at this AGM under the proposed Ordinary Resolution 8. The renewed mandate is to provide flexibility to the Company for any possible fund-raising activities, including but not limited to placement of shares for the purposes of funding future investments, working capital and/or acquisitions.

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GEORGE KENT

SINCE 1936

GEORGE KENT (MALAYSIA) BERHAD

Registration No. 195101000005 (1945-X)

FORM OF PROXY

(Please read the notes on the next page before completing this form)

No. of Shares Held	
CDS Account No.	

I/We*, ____________________________ (Company/Passport/NRIC No. ____________)

of ____

being a Member/Members* of **GEORGE KENT (MALAYSIA) BERHAD** hereby appoint:-

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

and/or*

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

as my/our proxy/proxies to vote for me/us on my/our behalf at the Seventy-Second Annual General Meeting of the Company to be conducted virtually from the Broadcast Venue at Boardroom of Johan Holdings Berhad, 11th Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur and via our Share Registrar's online meeting platform at www.johanmanagement.com.my on Wednesday, 13 September 2023 at 11:00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as hereunder indicated.

ORDINARY RESOLUTIONS		For	Against
1.	Re-election of Ms Teh Bee Tein as a Director		
2.	Re-election of Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah as a Director		
3.	Re-election of Dato' Ahmad Khairummuzammil Bin Mohd Yusoff as a Director		
4.	Approval of payment of Directors' fees and benefits to Non-Executive Directors for the financial year ending 31 March 2024		
5.	Re-appointment of Grant Thornton Malaysia PLT as the Company's External Auditors and to authorise the Directors to fix their remuneration		
6.	Retention of Dato' Ahmad Khairummuzammil Bin Mohd Yusoff as Independent Non-Executive Director		
7.	Approval of the proposed renewal of share buy-back authority		
8.	Authority to allot and issue shares pursuant to the Companies Act 2016		

(Please indicate with a cross ("X") in the appropriate box against each Resolution how you wish your proxy(ies) to vote. If this proxy form is returned without any indication as to how your proxy(ies) shall vote, your proxy(ies) will vote or abstain as he(they) thinks fit.)

Dated this __________ day of ________________ , 2023.

____

Signature/Common Seal

** Strike out whichever is not relevant.*

Notes:

1. *The AGM of the Company will be conducted on a virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") Facilities. Only essential individuals are allowed to be physically present at the Broadcast Venue to conduct the virtual AGM. Members/proxies will not be allowed to be physically present at the Broadcast Venue on the day for the AGM. Therefore members/proxies are strongly advised to participate and vote remotely at the AGM through live streaming and RPV Facilities provided by Propoll Solutions Sdn Bhd, the poll administrator of the AGM, via our Share Registrar's website at www.johanmanagement.com.my.*

   Please refer to the Administrative Guide for the AGM in order to register, participate and vote via the RPV facilities.

2. *Members may submit questions to the Board prior to the AGM using the Question-and-Answer platform at www.johanmanagement.com.my, no later than 11.00 a.m. on Monday, 11 September 2023. Members may also submit questions in typed texts through the online meeting platform during the live-streamed AGM.*

3. *A Member of the Company entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. The instrument appointing proxy(ies) shall be in writing under the hand of the appointor or his attorney, or if such an appointor is a corporation, under its Common Seal or the hands of its attorney. A proxy need not be a Member of the Company.*

4. *Where a holder of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*

5. *The instrument appointing proxy(ies) and the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof shall be deposited at the registered office of the Company at 11th Floor, Wisma E&C, No. 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur or e-mailed to the Company at johanms1@outlook.com not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjourned meeting (as the case may be).*

6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 5 September 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

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AFFIX
POSTAGE
STAMP

The Company Secretary
GEORGE KENT (MALAYSIA) BERHAD
11th Floor, Wisma E&C
No. 2, Lorong Dungun Kiri
Damansara Heights
50490 Kuala Lumpur

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www.georgekent.net

GEORGE KENT (MALAYSIA) BERHAD
Registration No. 195101000005 (1945-X)

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