

CORPORATE GOVERNANCE REPORT

STOCK CODE : KUMPULAN KITACON BERHAD
COMPANY NAME : KITACON
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>Kumpulan Kitacon Berhad ("the Company") is headed by an experienced and effective Board of Directors ("Board"). The Board assumes overall responsibility in leading the strategic direction, future expansion, Corporate Governance, risk management, human resource planning and development, investments made by the Group and overseeing the proper conduct of business of the Group.</p> <p>The Board discharges its responsibilities in the best interest of the Group and assumes the following key responsibilities in discharging its fiduciary duties:-</p> <ul style="list-style-type: none">a) together with the Senior Management, promote good corporate governance culture within the Company which reinforces ethical, and professional behaviour;b) review, challenge and decide on Management's proposals for the Company, and monitor its implementation by the Management;c) ensure that the strategic plan and direction of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;d) supervise and assess the conduct and performance of the Management to determine whether the business is being properly managed;e) ensure there is a sound framework for internal controls and risk management;f) understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;g) set the risk appetite within which the Board expects the Management to operate and ensure that there is an appropriate risk management framework to identify, analyse,

	<p>evaluate, manage and monitor significant financial and non-financial risks;</p> <p>h) ensure that the Group has adequate procedures in place to prevent the Group from being involved in corruption. The Board shall require the Management to conduct a yearly risk-based review of such corruption risk procedures and ensure that any weaknesses, if discovered, are remediated;</p> <p>i) ensure that the Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and Senior Management;</p> <p>j) ensure that the Company has in place procedures to enable effective communication with stakeholders; and</p> <p>k) ensure the integrity of the Company's financial and non-financial reporting.</p> <p>In order to ensure effective discharge of its stewardship role, the Board delegates some of its responsibilities to the Board Committees, namely the Audit and Risk Management Committee ("ARMC"), the Nomination Committee ("NC") and the Remuneration Committee ("RC") which operate within defined Terms of Reference. The Chairperson of the respective Board Committee report to the Board on key matters deliberated at the respective Board Committee meetings and make recommendations to the Board for final decisions, where necessary.</p> <p>In discharging its duties and roles effectively, the Board is also guided by the Board Charter, which sets out the principles and guidelines that are to be applied by the Board, whilst the Board committees are guided by its respective Terms of Reference ("TOR"). The Board Charter and the TOR for each Board Committee are available on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairperson of the Board is headed by Datuk Dr. Siti Hamisah Binti Tapsir, who is an Independent Non-Executive Director and is responsible for the leadership, integrity, and effectiveness of the governance of the Board.</p> <p>The role and responsibilities of the Chairperson are set out in the Board Charter, which is also available on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairperson and the Managing Director are held by two (2) different individuals. The Chairperson, Datuk Dr. Siti Hamisah Binti Tapsir and the Managing Director, Mr. Tan Ah Kee, have their respective roles and responsibilities which are governed by the Board Charter.</p> <p>There is a clear division of roles and responsibilities between the Chairperson and the Managing Director in ensuring balance of power and authority in the Company.</p> <p>The Chairperson is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role whilst, the Managing Director is the conduit between the Board and Management in ensuring the success of the governance and management functions of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairperson of the Board, Datuk Dr. Siti Hamisah Binti Tapsir is not a member of the ARMC, NC and RC of the Company and does not participate in any of the Board Committees' meetings.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) qualified and competent Company Secretaries, namely Mr. Ng Hao Ern and Ms Chin Jin Sin. Both Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators and have valid practicing certificates issued by the Companies Commission of Malaysia.</p> <p>The Company Secretaries provide the required support to the Board and its Committees in carrying out their duties and stewardship role, providing the necessary advisory role with regards to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance, terms of reference and legislation.</p> <p>All Directors also have full and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretaries together with the Executive Directors and the Chief Financial Officer assist the Chairperson of the Board and the Chairperson of the respective Board Committees to deal with the Board agenda and to provide the relevant information and documents to all Directors on a timely basis. The Board is satisfied with the support and performance rendered by its Company Secretaries in assisting the Board to discharge its duties.</p> <p>The Board is of the view that the Company Secretaries have been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars, and training programmes.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board meets at least quarterly with additional meetings convened as and when necessary. The Board, Board Committees and General meetings for the financial year under review were scheduled in advance to facilitate the Directors in planning ahead and incorporating the said meetings into their respective schedules.</p> <p>Except in the case of an emergency, the notices of Board meeting and the Board papers are circulated at least one (1) week prior to the dates of meetings.</p> <p>The Board papers are issued in advance thus giving sufficient time for the Board members to peruse the matters that would be tabled at the Board meeting, and this enhances the overall decision-making process. The Chief Financial Officer (“CFO”) and the Company Secretaries would lead the presentation of Board papers and provide comprehensive explanations of business plans, business performance, corporate proposals (if any), and other pertinent issues.</p> <p>The Board has full access to both Internal and External Auditors and received reports on audit findings via the ARMC. All matters raised, discussions, deliberations, decisions, and conclusions including dissenting views made at the meeting are recorded in the minutes of meeting and circulated in a timely manner. The Company Secretaries will inform the relevant Management of decisions/recommendations made by the Board or Board Committees for appropriate actions to be taken.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by its Board Charter which sets out the purpose, composition, key roles and principal responsibilities of the Board and the Directors including Independent Directors and the Chairperson, as well as the internal procedural matters for the Board. The Board Charter also outlines the key matters reserved for the Board deliberation and decision.</p> <p>The Board Charter serves as a source of reference for Board members to assist them in discharging their fiduciary duties as Directors. The Board Charter is reviewed from time to time to ensure that it continues to remain relevant and appropriate. The present Board Charter was adopted by the Board on 20 June 2022 and is in line with the principles set out in the Malaysian Code on Corporate Governance.</p> <p>The Board Charter is available on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to create a corporate culture that adhere to the best practices of corporate governance and to uphold high standard of corporate conduct. The Code of Ethics and Conduct (the "Code") which set out the ethical standards and appropriate conduct at work adopted by the Group and is applicable to all employees and Directors of the Group.</p> <p>The Code covers the following key areas: -</p> <ul style="list-style-type: none">a. Conflicts of Interestb. Corruption, Acceptance and Provision of Giftsc. Confidential Informationd. Insider Information and Securities Tradinge. Protection of Group's Assets and Fundsf. Business Records and Controlg. Compliance to the Laws, Rules and Regulationsh. Health and Safetyi. Sexual Harassment and Violencej. Outside Interestk. Fair and Courteous Behaviourl. Misconduct <p>The Board is committed to conducting the business ethically, as well as complying with all applicable laws and thus the Group has established the Anti-Bribery and Anti-Corruption Policy, which sets out its expectations for internal and external parties working for and on behalf of the Group in preventing bribery or corrupt practises in relation to the Group's businesses.</p> <p>The details of the Code and the Anti Bribery and Anti-Corruption Policy are available for reference on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/.</p>

Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted a Whistleblowing Policy which the objective of the Policy is to provide a mechanism for all level of employees and stakeholders of the Company to whistle-blow on any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse in a timely manner for the Management to take swift action.</p> <p>The Board reviews the Whistleblowing Policy on a periodic basis to ensure that it is relevant, effective, and consistent with the Company's objectives, policies, and applicable laws.</p> <p>The Whistleblowing Policy was adopted by the Board and is published on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company recognises the importance of sustainability as a critical driver for long-term business sustainable growth of the Group. As such, the Board of Directors and Management are committed to continuously reinforcing the importance of sustainability in the business strategies and operations to achieve the Group's objectives.</p> <p>All Heads of Department across the Group are accountable for the Group's sustainability plan. They are responsible for identifying and implementing the Group's sustainability activities, which are reviewed by the ARMC and the Board of Directors, which is responsible for advancing its sustainability agenda and defining strategic direction.</p> <p>The ARMC meets at least twice yearly to discuss sustainability issues, including evaluating the material matters to ensure they remain current and relevant.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	: Applied																
Explanation on application of the practice	<p data-bbox="490 600 1385 730">: The Group value stakeholders’ needs and expectations in relation to the Group’s sustainability performance. Their perspectives help the Group prioritise the most critical sustainability issues, allowing the Group to focus its resources on the most material sustainability risks and possibilities.</p> <p data-bbox="490 766 1385 831">The following table summarises the stakeholder group, the areas of concern, the type and frequency of engagement.</p> <table border="1" data-bbox="532 863 1377 1892"> <thead> <tr> <th data-bbox="532 863 727 930">Stakeholder group</th> <th data-bbox="727 863 967 930">Areas of concern</th> <th data-bbox="967 863 1198 930">Type of Engagement</th> <th data-bbox="1198 863 1377 930">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="532 930 727 1276">Shareholders / Investors</td> <td data-bbox="727 930 967 1276"> <ul data-bbox="740 936 954 1234" style="list-style-type: none"> • Short and long-term business goals and performance • Return on Investment (“ROI”) • Corporate governance </td> <td data-bbox="967 930 1198 1276"> <ul data-bbox="980 936 1185 1203" style="list-style-type: none"> • Annual general meetings and other shareholders’ meetings • Corporate websites • Briefings </td> <td data-bbox="1198 930 1377 1276"> <ul data-bbox="1211 936 1347 1073" style="list-style-type: none"> • Ad-hoc • Ongoing • Quarterly • Annually </td> </tr> <tr> <td data-bbox="532 1276 727 1556">Customers</td> <td data-bbox="727 1276 967 1556"> <ul data-bbox="740 1283 954 1549" style="list-style-type: none"> • Reliable and quality construction work • Timely delivery • Health, safety and environment </td> <td data-bbox="967 1276 1198 1556"> <ul data-bbox="980 1283 1185 1419" style="list-style-type: none"> • Feedback • Progress report • Project meeting </td> <td data-bbox="1198 1276 1377 1556"> <ul data-bbox="1211 1283 1347 1314" style="list-style-type: none"> • On-going </td> </tr> <tr> <td data-bbox="532 1556 727 1892">Employees (both local staffs and foreign workers)</td> <td data-bbox="727 1556 967 1892"> <ul data-bbox="740 1562 954 1892" style="list-style-type: none"> • Career plan and development • Employees’ welfare • Occupational safety and health for employees • Rewards and recognition </td> <td data-bbox="967 1556 1198 1892"> <ul data-bbox="980 1562 1185 1791" style="list-style-type: none"> • Annual appraisal and feedback from Heads of Departments • Training programmes </td> <td data-bbox="1198 1556 1377 1892"> <ul data-bbox="1211 1562 1347 1661" style="list-style-type: none"> • Ongoing • Quarterly • Annually </td> </tr> </tbody> </table>	Stakeholder group	Areas of concern	Type of Engagement	Frequency	Shareholders / Investors	<ul data-bbox="740 936 954 1234" style="list-style-type: none"> • Short and long-term business goals and performance • Return on Investment (“ROI”) • Corporate governance 	<ul data-bbox="980 936 1185 1203" style="list-style-type: none"> • Annual general meetings and other shareholders’ meetings • Corporate websites • Briefings 	<ul data-bbox="1211 936 1347 1073" style="list-style-type: none"> • Ad-hoc • Ongoing • Quarterly • Annually 	Customers	<ul data-bbox="740 1283 954 1549" style="list-style-type: none"> • Reliable and quality construction work • Timely delivery • Health, safety and environment 	<ul data-bbox="980 1283 1185 1419" style="list-style-type: none"> • Feedback • Progress report • Project meeting 	<ul data-bbox="1211 1283 1347 1314" style="list-style-type: none"> • On-going 	Employees (both local staffs and foreign workers)	<ul data-bbox="740 1562 954 1892" style="list-style-type: none"> • Career plan and development • Employees’ welfare • Occupational safety and health for employees • Rewards and recognition 	<ul data-bbox="980 1562 1185 1791" style="list-style-type: none"> • Annual appraisal and feedback from Heads of Departments • Training programmes 	<ul data-bbox="1211 1562 1347 1661" style="list-style-type: none"> • Ongoing • Quarterly • Annually
Stakeholder group	Areas of concern	Type of Engagement	Frequency														
Shareholders / Investors	<ul data-bbox="740 936 954 1234" style="list-style-type: none"> • Short and long-term business goals and performance • Return on Investment (“ROI”) • Corporate governance 	<ul data-bbox="980 936 1185 1203" style="list-style-type: none"> • Annual general meetings and other shareholders’ meetings • Corporate websites • Briefings 	<ul data-bbox="1211 936 1347 1073" style="list-style-type: none"> • Ad-hoc • Ongoing • Quarterly • Annually 														
Customers	<ul data-bbox="740 1283 954 1549" style="list-style-type: none"> • Reliable and quality construction work • Timely delivery • Health, safety and environment 	<ul data-bbox="980 1283 1185 1419" style="list-style-type: none"> • Feedback • Progress report • Project meeting 	<ul data-bbox="1211 1283 1347 1314" style="list-style-type: none"> • On-going 														
Employees (both local staffs and foreign workers)	<ul data-bbox="740 1562 954 1892" style="list-style-type: none"> • Career plan and development • Employees’ welfare • Occupational safety and health for employees • Rewards and recognition 	<ul data-bbox="980 1562 1185 1791" style="list-style-type: none"> • Annual appraisal and feedback from Heads of Departments • Training programmes 	<ul data-bbox="1211 1562 1347 1661" style="list-style-type: none"> • Ongoing • Quarterly • Annually 														

	Contractors Subcontractors Suppliers	<ul style="list-style-type: none"> • Payment schedule • Project bidding • Project completion date 	<ul style="list-style-type: none"> • Code of Ethics • Tenders • Supplier performance assessment 	<ul style="list-style-type: none"> • Ongoing • Quarterly • Annually
	Governments / Authorities	<ul style="list-style-type: none"> • Acts, regulatory and legal compliance • Local authorities communication 	<ul style="list-style-type: none"> • Compliance with acts and regulatory requirements • Site inspections and visits • Regular reporting 	<ul style="list-style-type: none"> • Ongoing • Annually
	Local Communities	<ul style="list-style-type: none"> • Community welfare and social development • Environmental impact from operation 	<ul style="list-style-type: none"> • Charitable donations • Collaboration for charity event • Corporate website 	<ul style="list-style-type: none"> • Ad-hoc • Ongoing • Annually
Explanation for departure :				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure :				
Timeframe :				

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Management team assesses the material matters annually to ensure that the Group prioritises the issues that have the greatest impact on the economy, environment and the society and their continuing relevance in the sustainability from time to time.</p> <p>The key sustainability matters of the Group are set out on pages 25 to 26 of Annual Report 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The performance evaluation of the Board in addressing the Group's material sustainability was evaluated through the annual Board's effectiveness assessment.</p> <p>Whereas the Management team's performance in addressing material sustainability risks and opportunities is evaluated on an annual basis since it is part of their key performance indicators.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board is primarily responsible for the Group’s sustainability practices and performance and assisted by the management team.</p> <p>The Managing Director supports the sustainability aspiration of the Group by integrating sustainability elements into decision-making process. The Sustainability Committee is chaired by Chief Financial Officer and its members consist of a Sustainability Coordinator and Heads of Departments across the Group.</p> <p>This structure enables the Group to oversee its strategies, policies, initiatives, targets, and performance effectively to ensure that the Group’s business is run in a sustainable manner. The key sustainability matters are monitored, reviewed and discussed in the Sustainability Committee.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The TOR of the NC has stipulated that the NC will review the tenure and performance of each Director, where annual re-election of a Director would be contingent on satisfactory evaluation of the Director's performance and contribution to the Board.</p> <p>The TOR of NC is available on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/.</p> <p>During the financial year ended 31 December 2023, the following Directors are subject to retirement pursuant to the Constitution of the Company at the Second Annual General Meeting ("2nd AGM"):</p> <ol style="list-style-type: none">1) Datuk Dr. Siti Hamisah Binti Tapsir;2) Mr. Tan Ah Kee;3) Mr. Teow Choo Hing; <p>The NC was of the view that the Directors had discharged their duties effectively and had provided valuable contribution to the leadership of the Group. With that, upon the recommendation of the NC, the Board resolved to recommend the re-election of abovementioned Directors at the 2nd AGM of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>At present, the Board has eight (8) members, comprising four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director, one (1) Managing Director and two (2) Executive Directors. This complies with Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors. The composition of the Board is also in line with Practice 5.2 of Malaysian Code of Corporate Governance (“MCCG”) 2021, by virtue of the fact that 50% of its composition are Independent Directors.</p> <p>The Board is satisfied with the composition and good mix of Executive Directors, Independent Non-Executive Directors, and Non-Independent Non-Executive and impartially and to grow the Group effectively.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine 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 through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	The Board Charter provides that an independent director may continue to serve the Board as an independent director upon completion of the nine (9) years but the board shall provide justification and seek shareholders' approval through a two-tier voting process.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	The Board Charter provides that an independent director may continue to serve the Board as an independent director upon completion of the nine (9) years but the board shall provide justification and seek shareholders' approval through a two-tier voting process.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledged the importance of boardroom diversity and recognises the importance of providing fair and equal opportunities and fostering diversity within the Group. The Company endeavours to have a balanced representation in terms of mixture of skills, knowledge and experience, background, expertise, age, gender, and ethnicity. The Board acknowledges the diverse Board as an essential element in maintaining competitive advantage in leveraging different perspective to various issues raised and quality decision making, which in return contribute to the development and sustainability of the Company.</p> <p>At present, the Board has three (3) female Directors, which is 37.5% (more than 30%) of the Board. The Board, through NC and RC will continue to consider gender diversity as part of its future selection of Board representation. The Board recognises that a diverse Board in the Group can offer greater depth and breadth of perspectives, and diversity in management team will lead to better collective decisions. The Board has adopted a Board Diversity Policy and the policy is available on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection, and appointment process of new Directors.</p> <p>The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the NC. All nominees and candidates to the Board are first considered by the NC taking into consideration, inter-alia, the competency, knowledge, expertise and experience, professionalism, integrity, time commitment of the candidates, including, where appropriate, the criteria on assessing the Independence of candidates' appointment as Independent Non-Executive Directors.</p> <p>In identifying candidates for appointment as Directors, the NC would use a variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely relying on the recommendations from existing Board members, Management, or major shareholders.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	The Profile of Board of Directors, who are standing for re-election is set out on pages 5 to 6 of Annual Report 2023. There is no election of new Director as reported in the Statement Accompanying Notices of the 2 nd AGM on page 136 of Annual Report 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Puan Nooriah Binti Hassan, who is an Independent Non-Executive Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	At present, the Board has three (3) female Directors, which is 37.5% of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledged the importance of boardroom diversity and recognises the importance of providing fair and equal opportunities and fostering diversity within the Group.</p> <p>The Group endeavours to have a balanced representation in terms of mixture of skills, knowledge and experience, background, expertise, age, gender, and ethnicity.</p> <p>The Board acknowledges the diverse Board as an essential element in maintaining competitive advantage in leveraging different perspective to various issues raised and quality decision making, which in return contribute to the development and sustainability of the Group.</p> <p>Please refer to page 59 of the Annual Report 2023 for the Company's policy on gender diversity for the Board and senior management.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the effectiveness of the Board Committees, contribution and performance of each Director and performance of the ARMC on an annual basis.</p> <p>The evaluation process is led by the NC Chairperson, who is an Independent Non-Executive Director and supported by the Company Secretaries. The evaluation process is conducted via questionnaires to review the effectiveness of the Board and its Board Committees and based on self-review and peer assessment. The NC reviews the outcome of the assessment and reports to the Board, in particular, areas for improvement, and is also used as the basis of recommending relevant Director(s) for re-election at the AGM.</p> <p>The NC reviews the effectiveness of the Board by considering the composition of the Board, time commitment, boardroom activities and the overall performance of the Board.</p> <p>The NC undertakes annual assessment on the independence of Directors. When assessing independence, the NC focuses on whether the Independent Directors can bring independent and objective judgement and act in the best interest of the Group.</p> <p>Upon its annual assessment conducted on effectiveness of the Board and Board Committees; character, experience, integrity, competence and time commitment of each Director; mix of skills and experience of the Board; level of independence of the Directors; and term of office and performance of the ARMC and each of its members, the NC had concluded that the Directors have discharged their duties more than satisfactory.</p>

	The NC was also satisfied with the performance of the Board and Board Committees. As for the balance and composition of the Board, the NC concluded that the Directors have the appropriate mix of skills, experience, knowledge, and professional qualifications which will contribute positively to the Board Committees and the Board as a whole.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Policy of the Board provides a guidance to determine the level of composition of remuneration of Directors and Key Senior Management to attract, retain and motivate the right candidates which consider the demands, complexities, and performance of the Group as well as skills and experience required. Level of remuneration should be sufficient to attract and retain the Directors and Key Senior Management needed to run the Group successfully.</p> <p>The Remuneration Policy of Directors and Senior Management is available for reference at the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/.</p> <p>The remuneration of the Executive Directors is reviewed and recommended by the RC to the Board for approval. The Independent Non-Executive Directors are remunerated with Directors' fees and the remuneration are subjected to shareholders' approval at the AGM annually in accordance with the Company's Constitution and Section 230(1) of the Companies Act 2016. Therefore, in terms of recommending the proposed Directors' fees, the RC takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate in the industry. The Board then collectively determines the remuneration for the Independent Non-Executive Directors based on the RC's recommendation. All Directors shall abstain from discussion and decisions on their own remuneration.</p> <p>The Company also provides Directors' and Officers' Liability Insurance which may provide an indemnity to the fullest extent permitted by the Companies Act 2016 and against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers.</p>

Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The RC assists the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and Key Senior Management. It reviews the Directors' and Key Senior Management's remuneration, ensuring that the Group continues to attract, retain, and motivate high caliber individuals who have the skills, experience, and knowledge to drive its long-term objectives.</p> <p>Their responsibilities and duties are clearly defined in the TOR of the RC, which is accessible on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	In line with the MCGG, the disclosure of the remuneration of Directors of the Company is made on a named basis. Details of the nature and amount of each major element of the remuneration of each Director during the financial year 2023 are set out in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Dr. Siti Hamisah Binti Tapsir	Independent Director	144	8	0	0	0	0	152	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	152
2	Teow Choo Hing	Non-Executive Non-Independent Director	0	0	0	0	0	0	0	360	8	Input info here	Input info here	Input info here	Input info here	368
3	Low Chin Ann @ Han Chin Ann	Independent Director	72	8	0	0	0	0	80	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	80
4	Chang Sua Yearn	Independent Director	60	8	0	0	0	0	68	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	68
5	Nooriah Binti Hassan	Independent Director	60	8	0	0	0	0	68	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	68
6	Tan Ah Kee	Executive Director	0	0	0	0	0	0	0	0	0	3,300	2,475	10	694	6,479
7	Gam Boon Tin	Executive Director	0	0	0	0	0	0	0	0	6	642	972	10	195	1,825
8	Goh Yin Huat	Executive Director	0	0	0	0	0	0	0	0	6	296	113	9	50	474
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board is aware of the need for transparency in the disclosure of its Key Senior Management remuneration. Nonetheless, it is of the view that such information if disclosed, raises personal security concerns on the part of the Senior Management personal and could result in employee poaching by competitors. As such, disclosure of specific remuneration information could give rise to recruitment and talent retention issues going forward.</p> <p>The Board also took into consideration of sensitivity and security of the remuneration package of Key Senior Management, hence, opts not to disclose on named basis the remuneration or in bands of RM50,000 for the Key Senior Management.</p>	
		<p>The Board will continue to review the application of this practice from time to time and consider the appropriateness of such disclosure.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The ARMC is chaired by Mr. Low Chin Ann @ Han Chin Ann, who is a Chartered Accountant of the Malaysian Institute of Accountants, and he is not the Chairperson of the Board.</p> <p>In this respect, the Company complies with the Practice 9.1 under the Principle B of the MCCG.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The independence, objectivity, and integrity of the members of the ARMC are the key requirements which the Board of the Company recognises as essential for an effective and independent ARMC. None of the members of the ARMC is a former key audit partner.</p> <p>The ARMC has instituted a policy by way of inclusion in the TOR of the ARMC that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board maintains a good professional relationship with the external auditors through the ARMC in discussing with them their audit plans, audit findings and financial statements. The ARMC invites the External Auditors at least twice a year to discuss their findings and audited financial statements of the Group. In addition, the ARMC also met with the External Auditors for the financial year ended 31 December 2023 without the presence of the Executive Directors, the Managing Director and Key Senior Management of the Group.</p> <p>The ARMC is responsible for the recommendation on the appointment and re-appointment of the Company and its subsidiary's External Auditors and the audit fees. The ARMC carried out an assessment of the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, communication and interaction and independence and objectivity.</p> <p>Crowe Malaysia PLT, the External Auditors of the Company and its subsidiary have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.</p> <p>The ARMC is satisfied with the suitability and independence of Crowe Malaysia PLT based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the financial year ended 31 December 2023.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The ARMC comprises three (3) members, Mr. Low Chin Ann @ Han Chin Ann as the Chairperson, Ms. Chang Sua Yean and Puan Nooriah Binti Hassan as the ARMC members, all of whom are Independent Non-Executive Directors.</p> <p>The ARMC Chairperson is not the Chairperson of the Board.</p>

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC consists solely of Independent Non-Executive Directors, who are qualified individuals with required skills and expertise to discharge the ARMC's functions and duties.</p> <p>The Chairperson of the ARMC, Mr. Low Chin Ann @ Han Chin Ann is a Chartered Accountant of the Malaysian Institute of Accountants.</p> <p>To equip themselves and effectively discharge their duties as ARMC members, all of them have participated in relevant continuous professional development programmes as detailed in the Corporate Governance Overview Statement on page 61 of the Annual Report 2023.</p> <p>In addition, during the ARMC meetings, the members were also briefed by the External Auditors on the development or changes in the applicable Malaysian Financial Reporting Standards, International Financing Reporting Standards, and the relevant accounting treatments under the Companies Act 2016.</p> <p>All Directors of the Company have attended the Mandatory Accreditation Programme as prescribed in the Listing Requirements. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors on a continuous basis.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of sound internal controls which encompass risk management practices as well as financial, operational and compliance controls. In this respect, the Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems.</p> <p>The respective risk owners are assigned and responsible for identifying risks as well as ensuring that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring, and managing risks is embedded in the various work processes and procedures of the respective operational functions.</p> <p>The internal audit function of the Group is currently outsourced to a professional services firm and reports directly to the ARMC. The primary objective of the internal audit function is to undertake independent, regular, and systematic review of the risk management and internal control systems of the Group so as to provide reasonable assurance that such systems are adequate and continue to operate satisfactorily and effectively in the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The Board discloses the features of the Group's risk management and internal control framework in the Statement on Risk Management and Internal Control set out from pages 70 to 71 of the Annual Report 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	Risk management is under the purview of the ARMC which comprises solely of Independent Non-Executive Directors. The responsibilities and duties of the ARMC in relation to risk management are set out in its TOR which is available on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/ .

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Group is outsourced to Tricor Axcelasia Sdn Bhd (“Tricor Axcelasia” or “Internal Auditors”), an independent professional service company. Tricor Axcelasia reports directly to the ARMC and are authorised with full and unrestricted access to all the Group’s records, physical properties, and personnel pertinent to carrying out any engagement.</p> <p>Tricor Axcelasia and the ARMC meets regularly to review the risks identified, discuss on mitigation actions in place and report to the Board on a quarterly basis. The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities which are carried out and monitored by the ARMC. The adequacy and effectiveness of the internal controls and risk management framework were reviewed by the ARMC.</p> <p>The resources and scope of work to be covered by the internal audit function for the financial year ended 31 December 2023 is provided in the ARMC Report on page 68 of the Annual Report 2023.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied									
Explanation on application of the practice	:	<p>As provided in Practice 11.1, the internal audit function of the Group is outsourced to an independent professional service company, Tricor Axcelasia. The Internal Auditors is free from any relationships with the Board and Management or conflict of interest in the operations and activities of the Group, which could impair their objectivity and independence of the internal audit function.</p> <p>The internal audit reviews are conducted in accordance with the risk-based internal audit plan approved by the ARMC. The Internal Auditor reviewed the internal control and business processes of key functions or activities of the Group, identified internal control gaps, effectiveness, and adequacy of the existing state of internal control and recommended possible improvements to the internal control process.</p> <p>Details on the person responsible for the internal audit are set out below:</p> <table border="1"><tr><td>Name</td><td>:</td><td>Melissa Koay</td></tr><tr><td>Qualification</td><td>:</td><td>Chartered Member of the Institute of Internal Auditors Malaysia (“CMIIA”), a member of the Malaysian Institute of Accountants (“CA(M)”), a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom (“FCCA”) and a Certified Internal Auditors (“CIA”).</td></tr><tr><td>Independence</td><td>:</td><td>Does not have any family relationship with any director and/or major shareholder of the Company</td></tr></table>	Name	:	Melissa Koay	Qualification	:	Chartered Member of the Institute of Internal Auditors Malaysia (“CMIIA”), a member of the Malaysian Institute of Accountants (“CA(M)”), a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom (“FCCA”) and a Certified Internal Auditors (“CIA”).	Independence	:	Does not have any family relationship with any director and/or major shareholder of the Company
Name	:	Melissa Koay									
Qualification	:	Chartered Member of the Institute of Internal Auditors Malaysia (“CMIIA”), a member of the Malaysian Institute of Accountants (“CA(M)”), a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom (“FCCA”) and a Certified Internal Auditors (“CIA”).									
Independence	:	Does not have any family relationship with any director and/or major shareholder of the Company									

	Public Sanction or penalty	:	Has no convictions for any offences within the past five (5) years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group recognises the value of transparent, consistent, and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations.</p> <p>The Board has established a dedicated section for corporate information on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/, where information on the Company's announcements, financial information and the Company's annual report may be accessed. It also contains all announcements made to Bursa Securities as well as the contact details of a designated person to address any queries.</p> <p>It has always been the Group's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.</p> <p>The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, Annual Report, corporate announcements to Bursa Securities and press conferences. Further updates of the Group's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations roadshows and the media.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company is committed to dispatching the 2nd AGM Notice to shareholders at least twenty-eight (28) days before the AGM, in advance of the minimum mandated period of twenty-one (21) days as stated in the Companies Act 2016 and the MMLR.</p> <p>The Company will hold its 2nd AGM on 25 June 2024. The AGM Notice with accompanying notes were disseminated to shareholders on 30 April 2024.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company's 2nd AGM will be held on 25 June 2024.</p> <p>The Board believes that participation of shareholders in the Company's General Meeting is the more appropriate platform where shareholders' queries and concerns may be conveyed to the Board for clarification.</p> <p>The Company will ensure that all Board members, Management team, External Auditors and Company Secretaries are present to respond to shareholders queries during the AGM and any other general meetings.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>Shareholder’s participation in AGM is encouraged. Shareholders are allowed to appoint representatives or proxies to vote on their behalf in their absence.</p> <p>The 2nd AGM will be held in Selangor which is easily accessible and at a time convenient to the shareholders to encourage them to attend the meeting.</p> <p>The Group leverages on the use of information technology for effective dissemination of information by maintaining a website at https://www.kitacon.com.my/ which shareholders or other stakeholders can access for information.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.

Application	:	Applied
Explanation on application of the practice	:	<p>The AGM is the primary open platform for shareholders to raise questions on the Group's performance. The Managing Director will also present to the shareholders a review of the operations and the financial performance of the Group for the year.</p> <p>As active participation from the shareholders is greatly encouraged, the Board strives to answer as many questions as possible with concise answers during the AGM. Questions that would be raised prior to the meeting as well as the responses will be shared with all shareholders during the AGM.</p> <p>If there are any questions which cannot be answered due to time constraint in the AGM, the Chairperson will undertake to provide a response that is subsequently uploaded onto the Company's website at https://www.kitacon.com.my/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of the 1 st AGM as well as all questions and answers posed by the shareholders was made available on the Company's website at https://kitacon.com.my within 30 business days of the AGM. Minutes of the 2 nd AGM as well as all questions and answers posed by the shareholders will made available on the Company's website at https://www.kitacon.com.my/corporate-governance-meetings/ within 30 business days of the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Click or tap here to enter text.