

THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has conducted a limited review on Part A of this Circular in respect of the proposed new shareholders' mandate for recurrent related party transaction of a revenue or trading nature and has not perused Part A in respect of the proposed renewal for recurrent related party transactions and Part B of this Circular/Statement as it is categorised under exempt circular pursuant to the provisions of Practice Note 18 of Bursa Securities Main Market Listing Requirements.

Bursa Securities takes no responsibility for the contents of this Circular/Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular/Statement.



KPOWER BERHAD

(FORMERLY KNOWN AS KUMPULAN POWERNET BERHAD)

199701003731 (419227-X)

(Incorporated in Malaysia)

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE**

PART B

STATEMENT TO SHAREHOLDERS IN RELATION TO THE

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE UP TO
TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

The resolutions in respect of the above proposals will be tabled at the 24th Annual General Meeting ("**AGM**") of KPower Berhad (formerly known as Kumpulan Powernet Berhad) to be held entirely through live streaming platform via <http://www.onecapital.com.my> from the broadcast venue at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, on Tuesday, 14 December 2021 at 3.00 p.m. The Notice of the AGM together with the Form of Proxy are set out in the Annual Report 2021 of KPower for financial year ended 30 June 2021 which can be downloaded from the Company's website at <https://www.kpower.com.my/general-meeting/24th-annual-general-meeting>.

The Proxy Form should be deposited to One Capital Market Services Sdn. Bhd. at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur or email to info@onecapital.com.my not less than forty-eight (48) hours before the time stipulated for holding the meeting. For electronic lodgement, please follow the procedures as set out in the Administrative Guide.

Last day and time for lodging the Proxy Form : Sunday, 12 December 2021 at 3.00 p.m.

Date and time of 24th AGM : Tuesday, 14 December 2021 at 3.00 p.m.

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular/Statement:

| | | |
|------------------------------------|---|--|
| “Act” | : | Companies Act, 2016, as amended from time to time and any re-enactment thereof |
| “AGM” | : | Annual General Meeting |
| “Annual Report 2021” | : | Annual Report of KPower issued for the financial year ended 30 June 2021 |
| “Board” or “The Directors” | : | Board of Directors of KPower Berhad (formerly known as Kumpulan Powernet Berhad) |
| “Bursa Securities” | : | Bursa Malaysia Securities Berhad |
| “Director(s)” | : | Shall have the meaning given in Section 2(1) of the Capital Markets and Service Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company or a chief executive of KPower or its subsidiary or holding company |
| “EPS” | : | Earnings per share |
| “Interested Related Party(ies)” | : | The Director(s), Major Shareholder(s) and/or Person(s) Connected who are deemed interested in the RRPT |
| “KPower” or “the Company” | : | KPower Berhad (formerly known as Kumpulan Powernet Berhad) (Registration No. 199701003731 (419227-X)) |
| “KPower Group” or “the Group” | : | KPower and its subsidiary companies |
| “LPD” | : | 21 October 2021, being the latest practicable date prior to the printing of this Circular |
| “Main Market Listing Requirements” | : | Main Market Listing Requirements of Bursa Securities, as may be amended or modified from time to time |
| “Major Shareholder(s)” | : | Any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company (including its subsidiary or holding corporation) who has an interest or interests in one or more voting shares in the Company and the number, or the aggregate number of those shares, is: (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, “interests in shares” shall have the meaning given in Section 8 of the Act. |
| “Market Day” | : | A day which Bursa Securities is open for the trading of securities |

DEFINITIONS (CONT'D)

| | | |
|--|---|--|
| “Minister” | : | Minister charged with the responsibility for companies, as defined in the Act. |
| “NA” | : | Net assets attributable to ordinary equity holders of KPower |
| “OHP” | : | OHP Capital Sdn Bhd (Registration No. 201801030466 (1292492-K)) |
| “OHP Group” | : | OHP and its subsidiary companies |
| “Person(s) Connected” | : | Such person, in relation to the Director or Major Shareholder, who falls under any one of the following categories: (a) a family member of the Director or Major Shareholder; (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary; (c) a partner of the Director or Major Shareholder; (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate in which the said Director or Major Shareholder, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (g) a body corporate which is a related corporation of the said Director or Major Shareholder. |
| “Proposed New RRPT Mandate” | : | Proposed new shareholders’ mandate for RRPT to be entered into by KPower |
| “Proposed Renewal of RRPT Mandate” | : | Proposed renewal of existing shareholders’ mandate for RRPT to be entered into by KPower |
| “Proposed Renewal of Share Buy-Back Authority” | : | Proposed renewal of the authority for the purchase by KPower of up to ten percent (10%) of the total number of issued shares of the Company |
| “Purchased KPower Shares” | : | KPower Shares purchased by KPower pursuant to Section 127 of the Act |
| “Related Party(ies)” | : | Director(s), Major Shareholder(s) or Person(s) Connected |
| “RM” and “sen” | : | Ringgit Malaysia and sen respectively |
| “Rules” | : | Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC, including any amendments thereto that may be made from time to time |

DEFINITIONS (CONT'D)

| | | |
|------------------------------|---|--|
| “RRPT” | : | Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries in the ordinary course of business of KPower Group |
| “RPTs” | : | Transactions with Related Parties |
| “SC” | : | Securities Commission of Malaysia |
| “Statement” | : | Share Buy-Back Statement in relation to the Proposed Renewal of Share Buy-Back Authority |
| “Substantial Shareholder(s)” | : | A person who has interest or interests in one or more voting Shares in the Company and the number or the aggregate number of such Shares is not less than 5% of the total number of all the voting Shares in the Company |
| “3P Capital” | : | 3P Capital Advisers Sdn Bhd (Registration No. 201301025012 (1054841-V)) |

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Circular/Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular/Statement shall be reference to Malaysian time, unless otherwise stated.

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PART A**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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PART B**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

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PART A

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE
("PROPOSED RENEWAL OF AND NEW RRPT MANDATE")**



KPOWER BERHAD

(formerly known as Kumpulan Powernet Berhad)
199701003731 (419227-X)
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

29 October 2021

Board of Directors:

Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah, *Non-Independent Non-Executive Chairman*
Mustakim bin Mat Nun, *Deputy Chairman and Group Managing Director*
Sarah Azreen binti Abdul Samat, *Non-Independent Non-Executive Director*
Dato' Arivalagan A/L Arujunan, *Non-Independent Non-Executive Director*
Kok Pauline, *Independent Non-Executive Director*
Tan Yee Hou, *Independent Non-Executive Director*

To: **The Shareholders of KPower Berhad (formerly known as Kumpulan Powernet Berhad)**

Dear Sir/Madam,

PROPOSED RENEWAL OF AND NEW RRPT MANDATE

1. INTRODUCTION

The Company had on 9 December 2020, at its 23rd annual general meeting (“**AGM**”), obtained an approval from its shareholders to enter into RRPT mandate as detailed in the circular to shareholders of the Company dated 30 October 2020 (“**Existing RRPT Mandate**”). The Existing RRPT Mandate shall, in accordance with the Main Market Listing Requirements (“**Listing Requirements**”), lapse at the conclusion of the forthcoming AGM of the Company unless the authorisation to renew the RRPT mandate is obtained at the forthcoming AGM.

On 13 October 2021, the Board had announced the Company’s intention to seek the shareholders’ approval at the forthcoming AGM on the Proposed Renewal of and New RRPT Mandate pursuant to Paragraph 10.09 of the Listing Requirements. The purpose of this Circular is to provide you the details of the Proposed Renewal of and New RRPT Mandate and to seek your approval for the ordinary resolution in respect thereof to be tabled at the 24th AGM of the Company.

The Notice of the forthcoming 24th AGM and the Proxy Form are enclosed in the Annual Report 2021 of the Company, which can be downloaded from the Company's website at <https://www.kpower.com.my/general-meeting/24th-annual-general-meeting>.

SHAREHOLDERS OF KPOWER ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE

2.1. Main Market Listing Requirements

Pursuant to Paragraph 10.09 of the Main Market Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where;
 - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transaction is RM1.0 million or more; or
 - (ii) any one of the percentage ratios of such aggregated transactions is 1% or more,whichever is the higher;
- (c) the listed issuer to issue circular to shareholders in relation to the shareholders' mandate;
- (d) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) an immediate announcement is made to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transaction disclosed in the circular by 10% or more and the announcement must include the information as may be prescribed by Bursa Securities.

Where a listed issuer has procured shareholders' mandate pursuant to the above, the provisions of Paragraph 10.08 of the Main Market Listing Requirements shall not apply during the validity period of the shareholders' mandate.

Accordingly, the Board proposes to seek shareholders' approval for the Proposed Renewal of and New RRPT Mandate.

2.2. Information on the RRPT

It is anticipated that in the normal course of the Group's business, RRPT between KPower Group and the Related Parties are likely to occur at any time and with some degree of frequency.

In this respect, the Directors are seeking approval from shareholders for the Proposed Renewal of and New RRPT Mandate which will allow the Group to enter into RRPT referred to in Section 2.2.3 with the Related Parties, provided such transactions are made at arms' length, KPower Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of KPower.

2.2.1. Principal Activities of KPower Group

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies of KPower are as follows:

| Name of companies | Effective Equity Interest (%) | Principal Activities |
|--|-------------------------------|---|
| Direct subsidiary of KPower: | | |
| KPower Engineering Sdn. Bhd. ("KPEng") | 100.00 | Real estate, investment holding, construction business and construction related activities |
| KPower International (L) Ltd. ("KPIL") | 100.00 | Investment holding |
| KPower Development Sdn. Bhd. ("KPower Development") | 100.00 | Property investment |
| Powernet Industries Sdn. Bhd. ("PISB") | 100.00 | Manufacture of warp-knitted fabrics |
| Zelinn Limited ("Zelinn") | 100.00 | Investment holding |
| KPower Healthcare & Technologies Sdn. Bhd. ("KPower Healthcare") | 100.00 | Investment holding |
| KPower Logistics Sdn. Bhd. ("KPower Logistics") | 100.00 | Investment holding and logistics |
| KPower RE Sdn. Bhd. ("KPower RE") | 100% | Investment holding company for investment in renewable energy companies/ assets/ projects/ businesses |
| PKNP KPower Suria Sdn. Bhd. ("PKSSB") | 95.00 ⁽¹⁾ | Operation of generation facilities that produce electric energy |
| Granulab (M) Sdn. Bhd ("Granulab") | 70.00 ⁽²⁾ | Manufacturing and selling of Granumas, a granular synthetic bone graft |
| Indirect subsidiary of KPower: | | |
| Chemtrax Sdn. Bhd ("Chemtrax") (subsidiary of KPower Logistics) | 51.00 ⁽³⁾ | Providing chemical and gas transportation and forwarding services |

Notes:

- (1) As at the LPD, the remaining 5% of equity interest in PKSSB is held by RT Development and Engineering Sdn. Bhd.
- (2) As at the LPD, the remaining 30% of equity interest in Granulab is held SIRIM Tech Venture Sdn. Bhd.
- (3) As at the LPD, the remaining equity interest in Chemtrax is held by the following:

| Name of Shareholders | Effective Equity Interest (%) |
|-----------------------------|--------------------------------------|
| OHP Ventures Sdn. Bhd. | 29.00 |
| Sabaka Group Sdn. Bhd. | 17.00 |
| Hairul Bin Anuar | 3.00 |
| TOTAL | 49.00 |

2.2.2. Related Parties to which the Proposed Renewal of and New RRPT Mandate applies

The Related Parties to which the Proposed Renewal of and New RRPT Mandate applies and their respective shareholdings are as follows:

| Related Parties | Relationship |
|---------------------------------------|---|
| (i) Existing RRPT Mandate | |
| OHP Group | <p>OHP is a private limited company of which 51% of its equity interest is held by Mustakim bin Mat Nun ("Mustakim") and 30% of its equity interest is held by Amirul Afif bin Abd Aziz ("Amirul") as at the LPD.</p> <p>Mustakim is the Deputy Chairman, Group Managing Director, and a Major Shareholder of KPower. He is also the Director of KPower Development, KPIL, KPower Healthcare, KPower Logistics, KPower RE, Zelinn, PKSSB, Granulab and Chemtrax. Mustakim currently holds 9.22% indirect interest in KPower via Grand Deal Vision Sdn Bhd ("GDVSB") as at the LPD and 5.10% direct interest in KPower.</p> <p>Amirul is currently the Group Chief Financial Officer of KPower as well as the Director of KPEng, KPower Development, KPIL, KPower Healthcare, PISB, KPower Logistics, KPower RE, Zelinn, PKSSB, Granulab and Chemtrax. He currently holds 1.11 % direct interest in KPower as at the LPD.</p> |
| (ii) Proposed New RRPT Mandate | |
| 3P Capital | <p>3P Capital is a wholly owned subsidiary of GDVSB, of which 51% of its equity interest held by Sarah Azreen binti Abdul Samat ("Sarah") and 49% of its equity interest held by Mustakim.</p> <p>Sarah is currently the Non-Independent Non-Executive Director of KPower, as well as the Director of Zelinn. She currently holds 9.22% indirect interest in KPower via GDVSB.</p> |

2.2.3. Classes of Related Parties and Nature of Transactions

The Related Parties having interest in the RRPT to be entered by KPower for which the Proposed Renewal of and New RRPT Mandate sought is as follows: -

(i) Existing RRPT Mandate

| Transacting Company ⁽¹⁾ | Transacting Related Party | Interested Major Shareholder / Director | Nature of Transactions | Estimated aggregate value of the RRPT (disclosed in the preceding year's circular) (RM'000) | Actual value transacted from 9 December 2020 up to LPD (RM'000) | Estimated aggregate value of the RRPT to be entered into from the forthcoming AGM to the next AGM (RM'000) ⁽²⁾ |
|------------------------------------|---------------------------|---|---|---|---|---|
| KPower | OHP Group | (a) Mustakim (b) Amirul | Provision of construction and project management services by KPower for projects owned by OHP Group under the infrastructure, utility, energy and logistic sectors. | 250,000 | 14,782 | 300,000 |

(ii) Proposed New RRPT Mandate

| Transacting Company | Transacting Related Party | Interested Major Shareholder / Director | Nature of Transactions | Estimated aggregate value of the RRPT to be entered into from the forthcoming AGM to the next AGM (RM'000) ⁽²⁾ |
|---------------------|---------------------------|---|--|---|
| KPower | 3P Capital | (a) Mustakim (b) Sarah | Provision of advisory services related to corporate finance by 3P Capital to KPower Group. | 5,000 |

Notes:

(1) The Company will obtain the necessary license(s), if required, in order to undertake the RRPT.

(2) The values are merely indicative estimates for the period from the forthcoming AGM to the next AGM based on progress of the project. Due to the nature of the transactions, the actual values of the transactions may vary significantly from the estimated values disclosed.

As at LPD, the actual value transacted for the Recurrent Transactions from 10 December 2020 up to the LPD does not exceed the aggregate estimated value of Recurrent Transactions as disclosed in the Circular to Shareholders dated 30 October 2020. As at the financial year ended 30 June 2021, there is no amount owing by the Related Parties pursuant to the Recurrent Transactions that have exceeded the credit terms.

2.2.4. Review and Disclosure Procedures

KPower Group has established procedures to ensure that the RRPT are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies, and undertaken on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The review and approval procedures are as follows:

- (i) the terms and conditions of the transactions will be determined by the usual commercial terms or in accordance with applicable industry norm.
- (ii) records will be maintained by the Group to record all the RRPT entered into to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- (iii) to ensure that such RRPT are conducted at arm's length and on normal commercial terms consistent with KPower Group's usual business practices and policies and will not be prejudicial to the shareholders of the Company, the transaction with the Related Parties will only be entered into after taking into account factors such as pricing, quality, delivery schedules and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, the terms offered are fair and reasonable and in the commercial interest.
- (iv) ensure that the terms offered to the Group are comparable with those offered by other unrelated parties for the same or substantially similar type of services in respect of provision and/or supply and/or receipt of services.
- (v) wherever practicable and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products and/or services and/or quantities will be used as comparison, wherever possible for determining whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products and/or services and/or quantities.

in the event that the quotation or comparative pricing from unrelated third parties cannot be obtained as the products or services are proprietary in nature or where the end customer has specified the requirements for the Group to source from related parties or if there are no unrelated third party vendors/customers of similar products or services, then the Group will determine the price and terms based on market knowledge of prevailing industry norm on normal commercial terms in accordance with the Group's relevant procurement processes, normal business practices, policies and commercial terms in line with the industry practices for the same or substantially similar type of transactions made by the Group with unrelated third parties to ensure that the RRPT(s) are not detrimental to the Group.

- (vi) there are no specific thresholds for approval of RRPT. All RRPT are reviewed and authorised by Group Managing Director and ultimately approved by Audit Committee, provided always that such personnel have no interest in the transaction and the said transaction has been approved pursuant to a shareholders' mandate obtained at an AGM for RRPT.

- (vii) if a member of the Board and/or Audit Committee has an interest (direct or indirect) in particular transaction, as the case may be, the Director concerned shall abstain from deliberation and any decision making in respect of the RRPT.
- (viii) disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of RRPT transactions conducted, types of transactions made, name of the related parties involved and their relationship with the Group pursuant to Proposed Renewal of and New RRPT Mandate during the financial year, and in the Annual Reports for subsequent financial years in which the Proposed Renewal of New RRPT Mandate continues to be in force.
- (ix) in addition to the aforesaid procedures, the Audit Committee will undertake:
 - (a) to periodically reviews the procedures set by KPower Group to monitor related party transactions to ascertain that they have been complied with. In its review, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals;
 - (b) to review from time to time, status reports on contracted works being performed by KPower Group which are RRPT to ascertain the progress of works;
 - (c) to consider from time to time whether the established guidelines and procedures for the RRPT have become inappropriate, and are unable to ensure that transactions will be on normal commercial terms, and will prejudice the interest of shareholders generally.

The Board may at its discretion, adopt new review and disclosure procedures and/or amend the existing procedures to ensure that the RRPT are at all times on terms consistent with the Group's usual business practices and policies.

2.2.5. Statement by Audit Committee

The Audit Committee is satisfied that the review procedures for RRPT as set out in Section 2.2.4 above are sufficient to ensure that such RRPT will be carried out on normal commercial terms which are not prejudicial to the interest of shareholders, and that the terms of the RRPT are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of KPower.

The Audit Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or such frequencies as the Audit Committee considers appropriate having regard to the value and the frequency of the RRPT.

2.2.6. Disclosure

The Group will make the required disclosure in the Annual Report for the subsequent financial year during which the Proposed Renewal of and New RRPT Mandate is in force, providing amongst others, the following information: -

- (i) the type of RRPT made;
- (ii) the names of the Related Parties involved in each type of RRPT, and their relationship with the Company; and
- (iii) the value of the transactions.

3. RATIONALE AND BENEFITS FOR THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE

The Proposed Renewal of and New RRPT Mandate to be entered into by KPower Group are necessary for the Group's business and are intended to meet the Group's business needs at the best possible terms. KPower Group should be able to have access to all available markets, products and services provided by Related Parties and to provide products and services to all persons including the Related Parties. This will enhance KPower Group's ability to explore beneficial opportunities as well as to promote cross-selling which will be beneficial to KPower Group.

The RRPTs are recurring transactions of a revenue or a trading nature which are likely to occur with some degree of frequency. These RRPT may be time sensitive by nature, making it impractical to seek shareholders' approval on a case to case basis before entering into such RRPTs. As such the Board is seeking the RRPT Mandate under Paragraph 10.09 of the Main Market Listing Requirements for these RRPT so as to facilitate the efficiency with which these transactions are carried out.

By obtaining the Proposed Renewal of and New RRPT Mandate on an annual basis, the necessity to announce and/or convene separate general meetings to seek shareholders' approval as and when such RRPT occur would not arise. This would substantially reduce the administrative time, inconvenience and expenses associated with the convening of general meetings on an ad hoc basis, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available therein.

4. EFFECTS OF THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE

The Proposed Renewal of and New RRPT Mandate will not have any impact on the share capital, shareholding structure, gearing and NA of KPower Group. The Proposed Renewal of and New RRPT mandate is expected to contribute positively to KPower Group's earnings for the financial year ending 30 June 2022.

5. VALIDITY PERIOD FOR THE PROPOSED RENEWAL OF AND NEW RRPT MANDATE

If approved at the 24th AGM, the Proposed Renewal of and New RRPT Mandate of the Company will take effect from the date of the passing of the Ordinary Resolution relating thereto at the 24th AGM and will continue in force until:

- (i) the conclusion of the next AGM of the Company following the 24th AGM, at which time the said mandate will lapse, unless by a resolution passed at the meeting, the mandate is renewed; or

(ii) the expiration of the period within which the next AGM of KPower is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier.

The Directors will seek your approval for the Proposed Renewal of and New RRPT Mandate at the 24th AGM of the Company and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the related parties' transactions.

6. APPROVAL REQUIRED

The Proposed Renewal of and New RRPT Mandate is subject to the approval of the shareholders of KPower at the 24th AGM to be convened.

7. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS AND PERSONS CONNECTED

The direct and indirect interest of the Directors and Major Shareholders and/or Persons Connected with them who are interested in the Proposed Renewal of and New RRPT Mandate as at LPD are as follows:

| | Direct Interest | | Indirect Interest | |
|--|-----------------------------|------|-----------------------------|------|
| | No. of Ordinary Shares held | % | No. of Ordinary Shares held | % |
| <u>Interested Directors and Interested Major Shareholders of KPower</u> | | | | |
| Mustakim | 27,664,600 | 5.10 | 50,050,080 ⁽¹⁾ | 9.22 |
| Sarah | - | - | 50,050,080 ⁽¹⁾ | 9.22 |
| <u>Interested Person Connected with the Directors and/or Major Shareholders of KPower</u> | | | | |
| GDVSB | 50,050,080 | 9.22 | - | - |
| Amirul | 6,039,120 | 1.11 | - | - |

Note:

(1) Deemed interested by virtue of his/her shareholdings in GDVSB Sdn Bhd pursuant to Section 8 of the Act.

The abovementioned interested Directors and interested Major Shareholders, namely Mustakim and Sarah, have abstained and will continue to abstain from the Board's deliberations and will also abstain from voting in respect of their direct and/or indirect shareholdings in KPower, on the resolution approving the Proposed Renewal of and New RRPT Mandate at the 24th AGM.

The aforementioned interested Directors and interested Major Shareholders of the Company have also undertaken to ensure that their Persons Connected (if any) will abstain from deliberating and/or voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Renewal of and New RRPT Mandate at the 24th AGM.

Save as disclosed above, none of the other director and Major Shareholder of KPower and/or Persons Connected, has any interest, direct or indirect in the Proposed Renewal of and New RRPT Mandate.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board of Directors (with the exception of Mustakim and Sarah) having considered all aspects of the Proposed Renewal and New Shareholders' Mandate is of the opinion that the Proposed Renewal and New Shareholders' Mandate is in the best interest of the Company. Accordingly, the Board (with the exception of Mustakim and Sarah) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of and New RRPT Mandate to be tabled at the 24th AGM.

9. AGM

The 24th AGM, the Notice of which is contained in the Annual Report 2021 of the Company, will be conducted on virtual basis through live streaming via <http://www.onecapital.com.my> from the broadcast venue at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, on Tuesday, 14 December 2021, at 3.00 p.m., for the purpose of considering and, if thought fit, passing, inter alia, the ordinary resolution, with or without modifications, to approve the Proposed Renewal of and New RRPT Mandate.

The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to be physically present at the broadcast venue.

A member entitled to attend, participate and vote remotely at the AGM via the Remote Participation and Voting facilities provided, is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her behalf. As such, if you are unable to participate in the AGM, you are requested to complete, sign and return the Proxy Form in accordance with the instructions contained therein, to be deposited to One Capital Market Services Sdn. Bhd., in the following manner:

(a) in hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited to One Capital Market Services Sdn. Bhd., at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur or;

(b) by electronic means

The proxy form can be emailed to info@onecapital.com.my. Kindly refer to the Administrative Guide for the 24th AGM on the procedures for electronic lodgement of proxy form.

The Proxy Form must be received by the One Capital Market Services Sdn. Bhd. not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.

10. FURTHER INFORMATION

Shareholders of KPower are advised to refer to Appendix A for further information.

Yours faithfully

For and on behalf of the Board of

KPOWER BERHAD (FORMERLY KNOWN AS KUMPULAN POWERNET BERHAD)

TAN YEE HOU

Independent Non-Executive Director

PART B

SHARE BUY BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)



KPOWER BERHAD

(formerly known as Kumpulan Powernet Berhad)
199701003731 (419227-X)
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

29 October 2021

Board of Directors:

Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah, *Non-Independent Non-Executive Chairman*
Mustakim bin Mat Nun, *Deputy Chairman and Group Managing Director*
Sarah Azreen binti Abdul Samat, *Non-Independent Non-Executive Director*
Dato' Arivalagan A/L Arujunan, *Non-Independent Non-Executive Director*
Kok Pauline, *Independent Non-Executive Director*
Tan Yee Hou, *Independent Non-Executive Director*

To: **The Shareholders of KPower Berhad (formerly known as Kumpulan Powernet Berhad)**

Dear Sir/Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

The Company had on 9 December 2020, at its 23rd AGM obtained an approval from its shareholders to purchase of up to 10% of the total number of issued shares of KPower. The aforesaid shareholders' approval for the Company to purchase its own shares is subject to the annual renewal and will lapse at the conclusion at the forthcoming AGM of the Company, unless such authority is renewed and shareholders' approval is obtained at the forthcoming AGM.

On 13 October 2021, the Board had announced the Company's intention to seek the shareholders' approval at the forthcoming AGM on the Proposed Renewal of Share Buy-Back Authority. The Proposed Renewal of Share Buy-Back Authority is subject to compliance with Section 127 of the Act and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Statement is to provide you with the relevant information of the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the ordinary resolution in respect thereof to be tabled at the 24th AGM. The Notice of the 24th AGM and the Proxy Form are enclosed in the Annual Report 2021 of the Company, which can be downloaded from the Company's website at <https://www.kpower.com.my/general-meeting/24th-annual-general-meeting>.

SHAREHOLDERS OF KPOWER ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

2.1. Proposed Renewal of Share Buy-Back Authority

The Board is proposing to seek the shareholders' approval with the renewal of authority to purchase up to 10% of the total number of issued shares of KPower at any point in time.

For illustrative purposes, as at the LPD, the total number of issued shares of KPower stood at 542,796,777 shares. Assuming no further KPower Shares are issued, the maximum number of shares that can be purchased by the Company shall not exceed 54,279,677 shares, representing not more than 10% of the total number of issued shares of KPower.

The Proposed Renewal of Share Buy-Back Authority, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming AGM and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

The Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time period.

2.2. Maximum amount of funds to be allocated and the source of funds

The Listing Requirements stipulate that the proposed purchase(s) by a listed issuer of its own shares must be made wholly out of retained profits of the listed corporation. Therefore, the maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the amount stated in the retained profits of the Company.

Based on the latest audited financial statements of the Company as at 30 June 2021, the retained profits of KPower were RM38.41 million.

The Proposed Renewal of Share Buy-Back Authority, if implemented, is expected to be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on,

amongst others, the availability of internally generated funds, actual number of KPower shares to be purchased and other relevant factors. In the event that the Proposed Renewal of Share Buy-Back Authority is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the KPower Group.

The actual number of KPower Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock markets as well as the retained profits and financial resources available to the Company.

2.3. Treatment of the Purchased KPower Shares

Pursuant to the Section 127(4) of the Act, the Board may, at its discretion, deal with the Purchased KPower Shares in the following manner as may be permitted by the Act, and any other relevant authorities for the time being in force:

- (i) to cancel any or all of the Purchased KPower Shares; or
- (ii) to retain any or all of the Purchased KPower Shares as treasury shares which may be distributed as share dividends to the shareholders of KPower and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of items (i) and (ii) above.

The decision whether to retain the Purchased KPower Shares as treasury shares, or to cancel the purchased KPower Shares or a combination of both, will be made by the Board at the appropriate time. An immediate announcement will be made to Bursa Securities on any purchase of Shares as well as any resale or cancellation of the Purchased KPower Shares.

Accordingly, based on Section 127(7) of the Act, where such Purchased KPower Shares are held as treasury shares, the Board may, at their discretion:

- (i) to distribute any or all of the Purchased KPower Shares as dividends to KPower shareholders, such dividends to be known as "share dividends";
- (ii) to resell any or all of the Purchased KPower Shares in accordance with the relevant rules of Bursa Securities;
- (iii) to transfer any or all of the Purchased KPower Shares for the purposes of or under an employee's share scheme which we may be established by the Company and/or its subsidiaries in the future;
- (iv) to transfer any or all of the Purchased KPower Shares as purchase consideration for any acquisition that KPower might undertake in the future;
- (v) to cancel the Purchased KPower Shares;
- (vi) to sell, transfer or otherwise use any or all of the Purchased KPower Shares for such purposes as the Minister may by order prescribe; and/or
- (vii) to deal with the Purchased KPower Shares in any other manner as allowed by the Act, Main Market Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

If such Purchased KPower Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in rights, allotments and/or other distributions are suspended and the Purchased KPower Shares shall not be taken into account in calculating

the number or percentage of shares or a class of shares in the Company for any purpose including determination of Substantial Shareholders, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of the shareholders.

2.4. Purchase/Resale price

Pursuant to the Listing Requirements, KPower may only purchase KPower Shares at a price which is not more than fifteen percent (15%) above the weighted average share price for KPower Shares for the five (5) Market Days immediately preceding the date of the purchase(s). KPower may only resell the Purchased KPower Shares held as treasury shares at a price which is:

- (i) not less than the weighted average share price of KPower Shares for the five (5) Market Days immediately prior to the date of resale or transfer; or
- (ii) at a discounted price of not more than 5% to the weighted average share price of KPower Shares for the past five (5) Market Days immediately prior to the date of resale or transfer provided that:
 - (a) the resale or transfer takes place no earlier than 30 days from the date of the purchase; and
 - (b) the resale is not less than the cost of purchase of the shares being resold or transferred.

The proposed purchase of KPower's own Shares and/or resale of the Purchased KPower Shares shall only be affected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. KPower shall ensure that all dealing(s) in its own Shares/Purchased KPower Shares are made through stock broker(s) appointed by KPower.

2.5. Potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back Authority

The potential advantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (i) The Proposed Renewal of Share Buy-Back Authority would enable the Group to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of the Group;
- (ii) The Proposed Renewal of Share Buy-Back Authority will also provide the Group with opportunities for potential gains if the purchased KPower Shares which are retained as treasury shares are resold at prices higher than their cost of purchase;
- (iii) In any event, the treasury shares may also be distributed as share dividends to the shareholders as a reward; and
- (iv) The Proposed Renewal of Share Buy-Back Authority may also stabilise the supply and demand of KPower Shares traded on Bursa Securities and reduce the volatility of the share prices. The stability of KPower Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (i) The Proposed Renewal of Share Buy-Back Authority if implemented is expected to temporarily reduce the immediate financial resources of KPower Group;
- (ii) The Proposed Renewal of Share Buy-Back Authority may also result in the Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments; and
- (iii) The Proposed Renewal of Share Buy-Back Authority may also reduce the amount of resources available for distribution to the shareholders of the Group in the form of dividends as funds are utilised to purchase its own shares.

Nevertheless, the Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantages to the Group and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact. The Board is mindful of the interest of the Group and the shareholders and will be prudent with respect to the above exercise.

2.6. Public shareholding spread of KPower

The Proposed Renewal of Share Buy-Back Authority is subject to the compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("**Prevailing Law**") at the time of the purchase.

As at the LPD, the public shareholding spread of the Company was approximately 60.05%. Assuming the Proposed Renewal of Share Buy-Back Authority is carried out in full, and the number of KPower Shares held by the Substantial Shareholders, Directors and persons connected to the Substantial Shareholders and/or Directors remain unchanged and all the KPower Shares so purchased are cancelled, the public shareholding spread of the Company would reduce to approximately 55.61%.

The Board will endeavour to ensure that the Proposed Renewal of Share Buy-Back Authority will be in accordance with the Prevailing Law at the time of the purchase including compliance with the twenty-five percent (25%) public shareholding spread as required by the Listing Requirements.

2.7. Implication relating to the Rules

Pursuant to the Rules, a person and any parties acting in concert with him/her/them will be required to make a mandatory offer for the remaining KPower Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33.0% or if his/her/their shareholdings is between 33.0% and 50.0% and increases by another 2.0% in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the SC under the Rules subject to the parties acting in concert complying with the conditions stipulated in the Rules.

The Company intends to implement the Proposed Renewal of Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Rules. In this respect, the Board will be mindful of the requirements of the Rules when implementing the Proposed Renewal of Share Buy-Back Authority.

If the number of Shares bought back result in any Substantial Shareholder(s) and/or persons acting in concert with them triggering the Rules, such Substantial Shareholder(s) and/or

persons acting in concert with them may consider seeking an exemption from the obligation to undertake a mandatory offer under the Rules.

2.8. Purchase, resale and cancellation of Shares made in previous twelve (12) months

There were no purchase, resale and cancellation of Shares made by KPower in the previous twelve (12) months preceding to the date of this Statement.

As at the date of this Statement, the Company does not have any treasury shares.

3. RATIONALE AND BENEFITS FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The implementation of the Proposed Renewal of Share Buy-Back Authority is envisaged to benefit the Company and its shareholders as follows:

- (i) the Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilise the supply and demand of the KPower Shares traded on Bursa Securities and thereby support its fundamental value;
- (ii) the consolidated EPS of KPower and the return on equity of the Company is expected to improve as a result of a reduced share capital base;
- (iii) the Purchased KPower Shares retained as treasury shares provide the Board with an option to resell the treasury shares at a higher price and generate capital gains for the Company;
- (iv) the Purchased KPower Shares retained as treasury shares can be distributed as share dividends to the shareholders as a reward;
- (v) the Purchased KPower Shares retained as treasury shares can be transferred for the purpose of or any employees' share scheme that may be established by KPower; and
- (vi) the financial resources of the Company will increase if the purchased KPower Shares held as treasury shares are resold at prices higher than the purchase price.

4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The effects of the Proposed Renewal of Share Buy-Back Authority on share capital, NA, working capital, earnings and shareholdings of Directors and Substantial Shareholders of the Company are set out below:

4.1. Share Capital

The effect of the Proposed Renewal of Share Buy-Back Authority on the issued shares of the Company will depend on whether the Purchased KPower Shares are cancelled or retained as treasury shares. The Proposed Renewal of Share Buy-Back Authority will result in a reduction of the issued share capital of the Company if the Purchased KPower Shares are cancelled.

Based on the Company's number of issued shares as at LPD, the effect of the Proposed Renewal of Share Buy-Back Authority, assuming that the Purchased KPower Shares will be cancelled, are as follows:

| | No. of KPower shares |
|---|-----------------------------|
| Number of KPower shares as at the LPD | 542,796,777 |
| Less: | |
| Maximum number of KPower shares which may be purchased and cancelled pursuant to the Proposed Renewal of Share Buy-Back | (54,279,677) |
| Resultant number of KPower Shares | 488,517,100 |

However, the Proposed Renewal of Share Buy-Back Authority will have no effects on the issued share capital of the Company if all the Purchased KPower Shares are to be retained as treasury shares, resold or distributed to the shareholders.

4.2. NA and NA per share

When the Company purchases its own Shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the consolidated NA per Share will decrease if the cost per Share purchased exceeds the consolidated NA per Share at the relevant point in time. However, if the cost per Share purchased is below the consolidated NA per Share at the relevant point in time, the consolidated NA per Share will increase.

In the case where the Purchased KPower Shares are treated as treasury shares and subsequently resold on Bursa Securities, the consolidated NA per Share upon the resale will increase if the Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the consolidated NA per Share will decrease by the cost of the treasury shares at the point of purchase.

4.3. Working Capital

The Proposed Renewal of Share Buy-Back Authority, as and when implemented, will reduce the working capital and cash flow of the KPower Group, the quantum of which depends on, amongst others, the number of KPower Shares purchased and the purchase price(s) of the KPower Shares.

For the KPower Shares so purchased which are kept as treasury shares, upon their resale, the working capital and cash flow of the KPower Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

4.4. Earnings and EPS

The effects of the Proposed Renewal of Share Buy-Back Authority on the consolidated earnings of KPower are dependent on the number KPower Shares purchased, the effective funding cost to finance such purchases and/or loss in interest income to the KPower Group if internally generated funds are utilised. Further, the purchase of the KPower Shares will result in a lower number of shares being taken into account for purposes of consolidated EPS computation.

4.5. Dividends

Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full, the Proposed Renewal of Share Buy-Back Authority will have an effect of increasing the dividend rate per Share of the Company as a result of the reduction in the issued share capital of the Company.

4.6 Directors' and Substantial Shareholders' Shareholdings

The effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and the Substantial Shareholders of KPower based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at LPD assuming the Proposed Renewal of Share Buy-Back is undertaken in full by KPower, are as follows:

(i) Directors of KPower

| | As at the LPD | | | | After the Proposed Renewal of Share Buy-Back Authority ⁽¹⁾ | | | |
|-------------------------------|---------------|-------|---------------------------|------|---|-------|---------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Dato' Dr. Karim | 132,788,312 | 24.46 | - | - | 132,788,312 | 27.18 | - | - |
| Mustakim | 27,664,600 | 5.10 | 50,050,080 ⁽²⁾ | 9.22 | 27,664,600 | 5.66 | 50,050,080 ⁽²⁾ | 10.25 |
| Sarah | - | - | 50,050,080 ⁽²⁾ | 9.22 | - | - | 50,050,080 ⁽²⁾ | 10.25 |
| Dato' Arivalagan A/L Arujunan | - | - | - | - | - | - | - | - |
| Kok Pauline | - | - | - | - | - | - | - | - |
| Tan Yee Hou | - | - | - | - | - | - | - | - |

Notes:-

(1) Assuming maximum no. of shares are bought back and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority.

(2) Deemed interest by virtue of his/her shareholdings in GDVSB pursuant to Section 8 of the Act.

(ii) Substantial Shareholders of KPower

| | As at the LPD | | | | After the Proposed Renewal of Share Buy-Back Authority ⁽¹⁾ | | | |
|-----------------|---------------|-------|---------------------------|------|---|-------|---------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Dato' Dr. Karim | 132,788,312 | 24.46 | - | - | 132,788,312 | 27.18 | - | - |
| GDVSB | 50,050,080 | 9.22 | - | - | 50,050,080 | 10.25 | - | - |
| Mustakim | 27,664,600 | 5.10 | 50,050,080 ⁽²⁾ | 9.22 | 27,664,600 | 5.66 | 50,050,080 ⁽²⁾ | 10.25 |
| Sarah | - | - | 50,050,080 ⁽²⁾ | 9.22 | - | - | 50,050,080 ⁽²⁾ | 10.25 |

Notes:-

(1) Assuming maximum no. of shares are bought back and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority.

(2) Deemed Interest by virtue of his/her shareholdings in GDVSB pursuant to Section 8 of the Act.

5. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and Major Shareholders of the Company and/or persons connected with them have any interest, direct and/or indirect, in the proposed purchase of shares or resale of treasury shares, if any, in the future.

6. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Authority is conditional upon the approval of the shareholders of the Company being obtained at the 24th AGM to be convened.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of KPower Shares traded on Bursa Securities for the past twelve (12) months from October to September are as follows:

| | <u>Highest</u> | <u>Lowest</u> |
|--------------------|----------------|---------------|
| | RM | RM |
| <u>2020</u> | | |
| October | 0.90 | 0.75 |
| November | 1.29 | 0.79 |
| December | 1.95 | 1.22 |
| <u>2021</u> | | |
| January | 2.91 | 1.79 |
| February | 2.61 | 2.00 |
| March | 2.31 | 1.75 |
| April | 2.15 | 1.87 |
| May | 2.06 | 1.05 |
| June | 1.36 | 0.62 |
| July | 1.01 | 0.70 |
| August | 0.83 | 0.71 |
| September | 0.84 | 0.64 |

The last transacted price of KPower Shares on 21 October 2021 being the LPD, was RM0.74.

(Source: Bloomberg)

8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board after having considered all aspects of the Proposed Renewal of Share Buy-Back Authority is of the opinion that the Proposed Renewal of Share Buy-Back Authority is fair, reasonable and in the best interests of the Company. Accordingly, the Board recommends that the shareholders of KPower vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the 24th AGM of the Company.

9. AGM

The 24th AGM, the Notice of which is contained in the Annual Report 2021 of the Company, will be conducted on virtual basis through live streaming via <http://www.onecapital.com.my> from the broadcast venue at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, on Tuesday, 14 December 2021, at 3.00 p.m., for the purpose of considering and, if thought fit, passing, inter alia, the ordinary resolution, with or without modifications, to approve the Proposed Renewal of Share Buy-Back Authority.

The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to be physically present at the broadcast venue.

A member entitled to attend, participate and vote remotely at the AGM via the Remote Participation and Voting facilities provided, is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her behalf. As such, if you are unable to participate in the AGM, you are requested to complete, sign and return the Proxy Form in accordance with the instructions contained therein, to be deposited to One Capital Market Services Sdn. Bhd., in the following manner:

(a) in hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited to One Capital Market Services Sdn. Bhd., at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur or;

(b) by electronic means

The proxy form can be emailed to info@onecapital.com.my. Kindly refer to the Administrative Guide for the 24th AGM on the procedures for electronic lodgement of proxy form.

The Proxy Form must be received by the One Capital Market Services Sdn. Bhd. not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.

10. FURTHER INFORMATION

Shareholders of KPower are advised to refer to Appendix A for further information.

Yours faithfully

For and on behalf of the Board of

KPOWER BERHAD (FORMERLY KNOWN AS KUMPULAN POWERNET BERHAD)

TAN YEE HOU

Independent Non-Executive Director

I. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular/Statement has been seen and approved by the Directors of KPower who collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement misleading in this Circular/Statement.

II. MATERIAL CONTRACT

The Company had on 21 October 2020 entered into share sale agreement (“**SSA**”) with Sabaka Group Sdn. Bhd. in relation to the proposed acquisition of 2,193,000 ordinary shares in Chemtrax Sdn. Bhd (“**Chemtrax**”) representing 51% of the total number of issued shares of Chemtrax for a total cash consideration of RM10.0 million.

On 5 January 2021, the Company had entered into a SSA with SIRIM Tech Venture Sdn. Bhd. to acquire 5,950,000 ordinary shares in Granulab (M) Sdn. Bhd. (“**Granulab**”) representing 70% of the total number of issued shares of Granulab for a total cash consideration of RM1.0 million.

Save as disclosed above, as at LPD, there are no other material contracts, not being contracts in the ordinary course of business which have been entered into by KPower within two years preceding the date of this Circular/Statement.

III. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, neither KPower nor its subsidiary companies are involved in any material litigation, claims and/or arbitration either as plaintiff or defendant, and the Board does not have any knowledge of any proceedings pending or threatened against KPower or its subsidiaries, or of any facts likely to give rise to any proceedings, which would have a material adverse effect on the business or financial position of the Group.

IV. OTHER MATTERS

- a) On 18 March 2019, 26 March 2019 and 4 April 2019, Golden Wheel Credit Sdn Bhd (“**GWCSB**”) filed three separate suits against Powernet Industries Sdn Bhd (“**PISB**”) for the respective sum of RM526,809.58, RM325,677.77 and RM32,940.26 purportedly due and owing by PISB to GWCSB under the terms of moneylending agreements dated 29 December 2017, 21 November 2017 and 5 March 2018.

The first two suits were filed in the Sessions Court. PISB made applications to the Sessions Court to strike out GWCSB's claims on the grounds that, amongst others, the moneylending agreements entered into by the parties were unenforceable for breach of Sections 16, 21, 23 and 27 of the Moneylenders Act 1951. On 19 September 2019, the applications to strike out GWCSB's claims were dismissed with costs by the Sessions Court. Subsequently on 2 October 2019, PISB appealed to the High Court against the decisions of the Sessions Court. On 3 December 2019, the High Court allowed PISB's appeal with costs and struck out GWCSB's claim with leave to GWCSB to file a fresh its claim against PISB. Pursuant to the leave granted by the High Court, on 11 December 2019, GWCSB filed two fresh suits against PISB in the Sessions Court respectively for the sum of RM338,374.39 and RM539,056.11 being the amount purportedly due and owing

under the terms of the moneylending agreements dated 21 November 2017 and 29 December 2017 respectively.

On 24 December 2019, PISB appealed to the Court of Appeal against part of the decisions of the High Court dated 3 December 2019 granting leave to GWCSB to file its claims afresh against PISB. On 10 June 2020, the Court of Appeal allowed PISB's appeals and set aside the leave to GWCSB file afresh granted by the High Court. Accordingly, on 11 June 2020, the Sessions Court struck out the new suits filed by GWCSB.

By a notice of motion dated 10 August 2020, GWCSB applied to the Court of Appeal to review its decision on 10 June 2020. The motion has been fixed for hearing on 8 December 2020. Subsequently on 19 November 2020, GWCSB has withdrawn its review application.

The third suit, on the other hand, was filed in the Magistrate's Court. PISB made a similar application to strike out GWCSB's claim. On 31 October 2019, the Magistrate's Court allowed PISB's application and struck out GWCSB's claim with costs. Subsequently on 12 November 2019, GWCSB appealed to the High Court against the decision of the Magistrate's Court. On 18 February 2020, the High Court dismissed GWCSB's appeal with costs.

By a notice of motion dated 17 March 2020, GWCSB applied to the Court of Appeal for leave to appeal against the decision of the High Court. The motion has been fixed for hearing on 7 December 2020. Subsequently on 19 November 2020, GWCSB has withdrawn its leave application.

On 27 January 2021, GWCSB again filed a new suit in the Sessions Court against PISB claiming for an amount of RM616,704.84 being the total outstanding sum owing under the three moneylending agreements dated 21 November 2017, 29 December 2017 and 5 March 2018 through causes of action of money had and received and unjust enrichment.

On 18 February 2021 PISB filed an application to strike out GWCSB's claim on the ground among others that the matter is res judicata and GWCSB is estopped and precluded from taking this action against PISB.

The Sessions Court on 19 April 2021 had allowed PISB's application with costs of RM5,000.00

GWCSB on 28 April 2021 filed an appeal to the High Court against the Sessions Court decision dated 19 April 2021. On 22 October 2021, the High Court dismissed GWCSB's appeal with costs of RM5,000.00.

- b) On 22 March 2019, Woo Wai Mun ("**WWM**") filed a Writ of Summons against PISB, a former director of PISB suing in his personal capacity. WWM claimed that between the year 2016 to 2018, WWM had purportedly lent an amount of RM5,670,968.07 to PISB at PISB's request and that PISB had repaid a sum of RM980,968.07 to WWM. As at the date of the suit, WWM claimed for the balance in the amount of RM4,690,000 and interest at the rate of 5% per annum of the sums claimed from the date of the suit until the date of full payment.

On 23 April 2019, PISB filed its defence to the claim and counterclaimed against WWM for breach of his duty as a director of PISB by amongst others, failing to prepare or cause to be prepared and/or keep accurate and true accounts and financial statements of PISB and approving or causing PISB to make payments or enter in its books and accounts unsubstantiated and/or unauthorised payments, claims and/or expenses. Additionally, PISB in its defence stated that the alleged amount owing by PISB to WWM comprises of unsubstantiated and/or unauthorised payments, claims and/or expenses made by WWM

and/or his wife, Nicole Wong Yuet Wan (“**Nicole Wong**”) which was wrongly approved by WWM, who was the managing director and/or the director primarily responsible for the financial management of PISB at all material times.

The Court proceeded with the full trial on 3 to 6 August 2020 and after hearing the evidence from the witnesses, the Court had on 4 November 2020 allowed WWM's claim amounting to RM3,217,141.10 and disallowed WWM's other claims amounting to RM1,472,858.90. Subsequently on 24 November 2020, PISB filed an appeal to the Court of Appeal appealing against part of the decision of the High Court in allowing WWM's claim of RM3,217,141.10 with interest and costs of RM35,000. On 30 November 2020, WWM has also appealed with the Court of Appeal against part of the decision of the High Court in disallowing his claim of RM1,472,858.90. As at the LPD, both appeals have been fixed for hearing on 16 November 2021.

PISB's solicitors are of the view that PISB has an arguable case for the following reasons (1) the RM1,000,000 claim is in relation to the loan extended in 2015, which is not within WWM's pleaded case as per his statement of claim and WWM pleaded that his claim is for loans provided to PISB from 2016-2018, (2) the sum of RM400,000 ought to be disallowed as WWM failed to prove that the payments were made by WWM, and (3) the sum of RM8,109.17 ought to be disallowed as its nexus with WWM's purported loans to PISB is not established.

In respect of WWM's appeal, PISB's solicitors are of the view that there is no merit in WWM's appeal for the following reasons (1) the sum of RM244,391.62 and RM937,548.86 being claims or advancements made by Nicole Wong respectively were correctly disallowed, (2) the sum of RM188,060.54 being a claim unsupported by any supporting documents was correctly disallowed, (3) the sum of RM2,857.88 being claims and not loans by WWM was correctly dismissed and (4) the sum of RM100,000 being capital injection and not loan was correctly being dismissed.

On 2 December 2020, PISB filed an application in the High Court for stay of execution of the judgment pending disposal of PISB's appeal. On 21 April 2021, the Court dismissed PISB's application with costs of RM3,000.00.

Meanwhile on 2 March 2021, WWM proceeded to execute the judgment dated 4 November 2020 by way of garnishee proceedings against UOB Bank, AmBank, Maybank and RHB Bank (“**Garnishee**”). On 5 April 2021, WWM obtained a garnishee order to show cause. In response, PISB on 5 May 2021 had filed an application to set aside the garnishee order. At the hearing on 28 May 2021, the Court had dismissed PISB's application to set aside the garnishee order and made the garnishee order absolute with total costs of RM1,350.00. Consequently, a total sum of RM98,488.62 and USD40.54 in PISB's account with the UOB Bank, Maybank and RHB Bank had been garnished in favour of WWM.

On 23 July 2021, PISB filed an application in the Court of Appeal for stay of execution of the High Court judgment dated 4 November 2020 and the Court on 30 September 2021 had dismissed the application with costs of RM5,000.00. The Court was of the view that there is no special circumstance in this case warranting a stay of execution of the High Court judgment which is monetary in nature.

Notwithstanding the above, our Board is of the view that this matter does not materially and adversely affect the financial position or business of our Group as the sum of RM4,690,000 claimed by WWM has already been provided in the financial statements of our Group. As such, the disclosure above is for shareholders' information purposes.

- c) On 4 April 2019, WWM filed a Writ of Summons against KPower, a former director of KPower, suing in his personal capacity. WWM claimed that in the year 2016, WWM had purportedly lent an amount of RM346,214.54 to KPower when he was the director of KPower.

On 6 May 2019, KPower filed its defence to the claim and counterclaimed against WWM for breach of his duty as a director of KPower.

The parties have since filed the bundle of pleadings, common bundle of documents, agreed facts, agreed issues, summary of case, list of witnesses and witness statements. The Court has fixed the trial for 22 to 24 and 28 February 2022.

KPower's solicitors are of the view that KPower has an arguable defence. Our Board is of the view that KPower has a fair chance in its defence against the abovementioned claim. Our Board is of the view that this matter does not materially and adversely affect the financial position or business of the Group. As such, the disclosure above is for shareholders' information purposes.

V. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of KPower situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular/Statement up to the date of the forthcoming 24th AGM: -

- (i) Constitution of KPower;
- (ii) Audited consolidated financial statements of KPower for the past 2 financial years ended 30 June 2021 and 30 June 2020;
- (iii) The Material Contracts referred to in Section II of this Appendix; and
- (iv) The relevant cause papers in respect to Section IV of this Appendix.

ORDINARY RESOLUTION 8

Proposed renewal of existing shareholders' mandate and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature

“THAT pursuant to Paragraph 10.09 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries (“**Group**”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Sections 2.2.2 and 2.2.3 of Part A of the Circular to Shareholders dated 29 October 2021 provided that such arrangements and/or transactions are necessary for the Group’s day-to-day operations are undertaken in the ordinary course of business at arm’s length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the “**Proposed Shareholders’ Mandate**”).

THAT the Proposed Shareholders’ Mandate shall only continue to be in full force until:-

- i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“**the Act**”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders’ Mandate.”

ORDINARY RESOLUTION 9

Proposed renewal of share buy-back authority for the purchase up to ten percent (10%) of the total number of issued shares of the Company

“THAT subject always to the Companies Act 2016 (“**the Act**”), the Constitution of the Company, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- i) the aggregate number of issued shares in the Company (“**KPower Shares**”) purchased (“**Purchased KPower Shares**”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Renewal of Share Buy-Back Authority”)

AND THAT the authority to facilitate the Proposed Renewal of Share Buy-Back Authority will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own KPower Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased KPower Shares until all the Purchased KPower Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) To cancel any or all of the Purchased KPower Shares;
- (ii) To retain any or all of the Purchased KPower Shares as treasury shares as defined in Section 127 of the Act;

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, where such Purchased KPower Shares are held as treasury shares as may be permitted by the Act:-

- (i) To distribute any or all of the Purchased KPower Shares as dividends to the shareholders of the Company;
- (ii) To resell any or all of the Purchased KPower Shares;
- (iii) To transfer any or all of the Purchased KPower Shares for the purposes of or under an employees’ share scheme which may be established by the Company and/or its subsidiaries in the future;
- (iv) To transfer any or all of the Purchased KPower Shares as purchase consideration for any acquisition that KPower might undertake in the future;
- (v) To cancel any or all of the Purchased KPower Shares;
- (vi) To sell, transfer or otherwise use any or all of the Purchased KPower Shares for such other purposes as the Minister may by order prescribe; and/or
- (vii) To deal with the Purchased KPower Shares in any other manner as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.