Strong roots for
a thriving growth.

KPOWER

Sustainability Through Diversity

ANNUAL REPORT 2021

VISION & MISSION

VISION

Sustainability through diversity.

MISSION

To grow and expand internationally through serving borderless communities in a sustainable and responsible manner.

KPower Berhad
(formerly known as Kumpulan Powernet Berhad)
is led by

a team of
dynamic professionals
with a wealth
of experience in

sustainable energy and utilities.

KPOWER'S CORE VALUES

KPOWER

Sustainability Through Diversity

At KPower, we believe that our core values are important in growing our businesses. These values are embedded in our business culture in order to achieve our vision and mission:

Innovation

Innovation helps to enhance our core competencies and develop our competitive advantage.

Research and Development

Continuous research and development to increase efficiency.

Technology

Implementing the latest technology for cost efficiency and superior performance in the long run.

Evolution

We continuously grow and evolve to stay competitive.

Sustainability

Developing projects for a better tomorrow by focusing on the economic, environmental and social factors.

Renewable & Green

Seizing opportunities in the renewable and green segments to deliver value to stakeholders.

Developing Talent

We are committed to nurture our human capital to its highest potential.

Preserving Value

We focus on the creation of long-term shareholders' value.

CORPORATE INFORMATION

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

AUDIT COMMITTEE

Chairperson
Kok Pauline

Committee Members
Tan Yee Hou
Sarah Azreen binti Abdul Samat

NOMINATION COMMITTEE

Chairperson
Sarah Azreen binti Abdul Samat

Committee Members
Kok Pauline
Tan Yee Hou

REMUNERATION COMMITTEE

Chairperson
Sarah Azreen binti Abdul Samat

Committee Members
Kok Pauline
Tan Yee Hou

INVESTMENT COMMITTEE

Chairman
Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah

Committee Members
Mustakim bin Mat Nun
Sarah Azreen binti Abdul Samat
Dato' Arivalagan A/L Arujunan

RISK MANAGEMENT COMMITTEE

Chairperson
Sarah Azreen binti Abdul Samat

Committee Members
Kok Pauline
Tan Yee Hou
Dato' Arivalagan A/L Arujunan

COMPANY SECRETARY

Tan Hsiao Yuen
(SSM Practicing Certificate No. 201908002342)
(MAICSA 7056952)

Wong Wai Foong
(SSM Practicing Certificate No. 202008001472)
(MAICSA 7001358)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Wilayah Persekutuan.
Tel: 03-2783 9191
Fax: 03-2783 9111

CORPORATE OFFICE

C1-1-1, Solaris Dutamas, No. 1, Jalan Dutamas 1,
50480 Kuala Lumpur, Wilayah Persekutuan.
Tel: 03-6203 2929
Fax: 03-6203 2939
enquiry@kpower.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Wilayah Persekutuan.
Tel: 03-2783 9299
Fax: 03-2783 9222

AUDITOR

Messrs. Al Jafree Salihin Kuzaimi PLT
555, Jalan Samudra Utara 1, Taman Samudra,
68100 Batu Caves, Selangor Darul Ehsan.
Tel: 03-6185 9970
Fax: 03-6184 2524

PRINCIPAL BANKERS

RHB Bank Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Listing date: 22 March 2002
Stock name: KPOWER
Stock code: 7130

WEBSITE

www.kpower.com.my

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CORPORATE PROFILE

KPower and its subsidiaries (the "Group") ventured into the **sustainable energy and utilities segment**, paving the way for the Company's major transformation

KPower Berhad (formerly known as Kumpulan Powernet Berhad) ("KPower" or the "Company") is mainly involved in sustainable energy and utilities activities. KPower's sustainable energy and utilities business involves construction related activities covering engineering, procurement, construction and commissioning ("EPCC") as well as specialised engineering services that are spread over various projects locally and internationally. KPower has been listed on Bursa Malaysia Securities Berhad ("Bursa Securities") since 2002.

Moving forward, the Company will be expanding its regional footprints into the ASEAN region, South Asia, Central Asia, the Middle East and Europe under the sustainable energy and utilities segment. The Company also plans to widen its renewable energy product offerings from mainly hydropower and solar plants to include waste-to-energy, wind, biomass and biogas. Leveraging on these strategies, the Company is confident in achieving its aspiration to become a leading regional player in sustainable energy and utilities.

With Mustakim bin Mat Nun at the helm, KPower revitalised its key management team with corporate appointments bringing in their vast experience in corporate and banking related matters and experienced personnel in sustainable energy and utilities. Leveraging on the key management's experience and track record, KPower and its subsidiaries (the "Group") ventured into the sustainable energy and utilities segment, paving the way for the Group's major transformation. In doing so, the Group has established itself as a significant player in the renewable energy industry, focusing on construction related activities and specialised engineering services.

CORPORATE PROFILE

> The Company also plans to widen its renewable energy product offerings from mainly hydropower and solar plants to include waste-to-energy, wind, biomass and biogas.

KPower has further expanded its offerings and technical capabilities under the sustainable energy and utilities segment from solely hydropower and ventured into solar energy during the year. KPower had successfully won the bid under the fourth round of Large-Scale Solar Programme ("LSS4") for the development of 50MW large-scale solar photovoltaic plant sited in Pahang, Malaysia. This represents the Company's first foray into Large-Scale Solar projects and shows KPower's ability to expand into solar energy in a significant way. Through the successful bid under LSS4 project, KPower had embarked on its sole asset ownership model in the sustainable energy and utilities segment. In the year 2021, KPower has successfully restructured its business by venturing into new business segments to generate sustainable revenue streams, in addition to growing its existing businesses.

Another major transformation in KPower was the addition of a logistics segment through the acquisition of Chemtrax Sdn. Bhd. ("Chemtrax") which caters to the requirements of the Group and plans to expand into more comprehensive supply chain services. Following the acquisition of Granulab (M) Sdn. Bhd. ("Granulab") from SIRIM Tech Venture Sdn. Bhd., a subsidiary of SIRIM Berhad, the Group has ventured into the healthcare and technologies segment leveraging on the technical knowhow, licenses and certifications held by Granulab. The Company is also involved in the property investment and property development segments.

CORPORATE STRUCTURE

KPOWER

Sustainability Through Diversity

ENERGY & UTILITIES

Asset Ownership

100% **KPower RE Sdn. Bhd.**

95% **PKNP KPower Suria Sdn. Bhd.**

EPCC (Local)

100% **KPower Engineering Sdn. Bhd.**

EPCC (International)

100% **KPower International (L) Ltd.**

HEALTHCARE & TECHNOLOGIES

100% **KPower Healthcare & Technologies Sdn. Bhd.**

100% **Powernet Industries Sdn. Bhd.**

70% **Granulab (M) Sdn. Bhd.**

LOGISTICS

100% **KPower Logistics Sdn. Bhd.**

- 51% **Chemtrax Sdn. Bhd.**

PROPERTY

Development

100% **KPower Development Sdn. Bhd.**

Investment

100% **Zelinn Limited**

KEY MILESTONES

1979

Founded as a textile manufacturer.

1997

Kumpulan Powernet Berhad is formed as an investment holding company.

2002

Listed on Bursa Securities' second board in 2002.

2013

Acquired a freehold student accommodation building in Liverpool, United Kingdom.

2016

Acquired development rights for a commercial development in Sentul, Kuala Lumpur.

2019

- Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah and Mustakim bin Mat Nun (via Grand Deal Vision Sdn. Bhd.) acquired a majority stake in KPower.
- The Group ventured into construction related activities focusing on sustainable energy and utilities.
- Secured RM270 million for a utilities project in Kuala Lumpur, Malaysia.
- The Company registered its first profit after 8 consecutive years of losses.

2020

- Diversified its principal activities to include construction business and construction related activities.
- Exceeded target order book of RM1.0 billion and achieved RM1.2 billion order book for the financial year ended 30 June 2020 ("FYE2020").
- Recorded RM1.36 billion worth of renewable energy related projects in the domestic and international markets.
- Completed two private placement exercises on 21 February 2020 and 30 June 2020.
- Acquired a 51% equity stake in logistics company, Chemtrax Sdn. Bhd.
- Awarded The BrandLaureate BestBrands e-Branding Award 2020.

2021

- Achieved RM1.16 billion order book for the financial year ended 30 June 2021 ("FYE2021").
- Recorded RM510 million worth of Renewable Energy related projects in Pahang and Perak, Malaysia, and RM73 million worth of contracts for healthcare related products in Indonesia.
- Included in the FTSE Bursa Malaysia EMAS (FBM EMAS) Index.
- Acquired 70% equity stake in Granulab (M) Sdn. Bhd., a medical device manufacturing company, from SIRIM Tech Venture Sdn. Bhd., a subsidiary of SIRIM Berhad.
- Disposed of a freehold property, known as The Lodge in Liverpool, United Kingdom.
- Ventured into solar energy by forming a collaboration with Public Islamic Bank Berhad ("PIBB"). Entered into a memorandum of agreement ("MOA") with PIBB to provide the financing and installation of solar photovoltaic systems ("Solar PV") to PIBB's customers in relation to the net energy metering scheme.
- Successfully won the bid under the LSS4 programme for the development of a 50MW large-scale solar photovoltaic plant in Pahang, Malaysia and ventured into asset ownership.
- Completed a share split exercise involving a subdivision of every 1 existing ordinary share into 4 ordinary shares on 13 January 2021.
- Completed issuance of free warrants on the basis of 1 warrant for every 3 subdivided ordinary shares on 25 January 2021.
- Completed a private placement exercise on 5 October 2021, successfully raising approximately RM61 million.

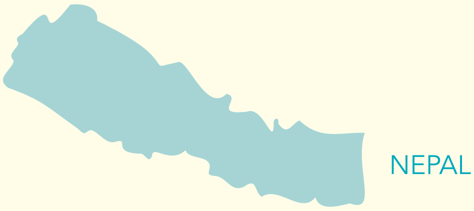
PRINCIPAL ACTIVITIES

1. CONSTRUCTION RELATED ACTIVITIES

The Group has undertaken new business ventures in construction related activities and specialised engineering services relating to sustainable energy and utilities segments. The construction related activities segment consists of engineering, procurement, construction and commissioning of sustainable energy and utilities projects.

> The Group is looking to
> **strengthen its existing business**
> in the sustainable energy and utilities segment by expanding its geographical footprint into ASEAN, South Asia, Central Asia, Middle East and Europe.

The following are the international projects awarded to KPower during FYE2021:



i) Mid Hongu Khola-A Hydropower Project in Solukhumbhu, Nepal

USD46 million
(equivalent to RM193 million)

The engineering, procurement, construction, commissioning and completion of 22 MW Mid Hongu Khola-A hydropower project located at Mahakulung VDC, Solukhumbu District, Federal Democratic Republic of Nepal.

ii) Mini Hydropower Plant in Sg. Simpang, Sumatera, Indonesia

USD7 million
(equivalent to RM30 million)

The engineering, design, procurement, construction, commissioning and completion of a 3.1 MW mini hydro power plant in Sg. Simpang, Bengkulu Province, Sumatera, Republic of Indonesia.

iii) Mini Hydropower Plant in Sg. Klaai, Sumatera, Indonesia

USD6 million
(equivalent to RM25 million)

The engineering, design, procurement, construction, commissioning and completion of a 2.6 MW mini hydro power plant in Sg. Klaai, Bengkulu Province, Sumatera, Republic of Indonesia.

PRINCIPAL ACTIVITIES

The following are the local projects awarded to KPower during FYE2021:

RM296 million

i) Mini Hydropower Project in Sg. Singor, Perak, Malaysia

The engineering, design, procurement, construction, commissioning and completion of a mini hydro power plant in Sungai Singor with a total capacity of 27.3MW, in the state of Perak Darul Ridzuan, Malaysia.

ii) MOA with PIBB for Solar PV Systems

MOA with PIBB forming a collaboration to provide the financing and installation of solar PV systems for PIBB's customers in relation to the NEM.

RM199 million

iii) Mini Hydropower Plant in Sg. Jelai Kecil, Pahang, Malaysia

The engineering, design, procurement, construction, commissioning and completion of a 18.7 MW mini hydro power plant in Sg. Jelai Kecil, Mukim Jelai, Daerah Lipis, Pahang Darul Makmur, Malaysia.

RM148 million

v) Mini Hydropower Plant in Sg. Telom, Pahang, Malaysia

The engineering, design, procurement, construction, commissioning and completion of a 13.9 MW mini hydro power plant in Sg. Telom, Mukim Hulu Telom, Cameron Highlands, Pahang Darul Makmur, Malaysia.

RM128 million

v) Mini Hydropower Plant in Sg. Lemoi, Pahang, Malaysia

The engineering, design, procurement, construction, commissioning and completion of a 12 MW mini hydro power plant in Sg. Lemoi, Mukim Hulu Telom, Cameron Highland, Pahang Darul Makmur, Malaysia.

RM35 million

vi) Mini Hydropower Plant in Sg. Kampar, Perak, Malaysia

The engineering, procurement, construction, commissioning and completion of a 5.25 MW mini hydro power plant along Sg. Kampar, Kampar, Perak Darul Ridzuan, Malaysia.

vii) LSS4@MEnTARI in Pekan, Pahang, Malaysia

Development of a 50MW large-scale solar photovoltaic plant in Pekan, Pahang, Malaysia.

2. LOGISTICS

KPower Logistics Sdn. Bhd. ("KPower Logistics") provides logistics solutions to complement and consolidate various activities within the network of major shareholders of KPower. Through KPower Logistics's subsidiary, Chemtrax, the Group plans to further expand the business.

Chemtrax is one of the leading transportation companies in Malaysia that has experience of more than 20 years of transporting hazardous chemicals and gas within Malaysia and Singapore. Chemtrax currently manages a fleet of 58 trucks, 20 ISO tanks and 14 other units consisting of barrels and trailers. Chemtrax mainly transports chemical products that are critical to the manufacturing of nitrile gloves. Chemtrax is expected to benefit from the worldwide sustainable demand of gloves arising from the COVID-19 pandemic.

Through KPower Logistics's subsidiary, Chemtrax, the Group plans to further expand the business.

20
years experience

Malaysia & Singapore

58 trucks, **20** ISO tanks and **14** other units consisting of barrels and trailers

3. PROPERTY

- **Property Development**

The fully sold development comprises two units of six-storey shop-offices and four units of five-storey shop-offices on a parcel of commercial development land in Sentul, Kuala Lumpur ("Sentul Project") under KPower Development Sdn. Bhd., KPower's wholly owned subsidiary. Due to the unprecedented challenges from COVID-19 pandemic which led to several stages of MCOs, our Sentul Project experienced a few setbacks, which resulted in the extension of project completion. The Sentul Project has reached 82% of completion and is expected to be completed in the first half of 2022.

- **Property Investment**

KPower, via its wholly owned subsidiary Zelinn Limited had completed a disposal of a freehold property known as The Lodge, located at 1, Princes Road, Liverpool, United Kingdom on 9 July 2021 for a total cash consideration of GBP1.25 million (equivalent to approximately RM7.19 million). The disposal of the said property enables the Group to focus on its core competencies which mainly cover activities relating to sustainable energy and utilities.

4. HEALTHCARE & TECHNOLOGIES

Under this segment, KPower Healthcare & Technologies Sdn. Bhd., a wholly owned subsidiary of KPower, has been awarded with the distribution of healthcare related products in Indonesia amounting approximately RM73 million.

This segment is still undergoing review and integration to ensure its performance in the future. We are confident that this segment has the potential to contribute to the Group's earnings in the long term, leveraging on the technical knowhow, licenses and certifications held by Granulab, coupled with the textile manufacturing experience and the manufacturing assets of Powernet Industries Sdn. Bhd., as well as existing network of the major shareholders, and experience of the key management.

To venture into healthcare and medical products focusing on technology applications and solutions.

RM73 million

healthcare related products in Indonesia

5. MOVING FORWARD

The Group is looking to strengthen its existing business in the sustainable energy and utilities segment by expanding its geographical footprint into ASEAN, South Asia, Central Asia, Middle East and Europe.

We plan to widen our product offerings and technical capabilities in the sustainable energy and utilities segment to include waste-to-energy, wind, biomass and biogas. This will enable us to penetrate this segment and secure more opportunities.

The successful bid in LSS4 augurs well with our business strategy which is to expand into an asset ownership model for a consistent revenue stream in the future, as well as to strengthen our Group's EPCC business segment and capabilities under the solar segment.

The Group will continue to pursue growth in the logistics and healthcare segments to generate long-term sustainable revenue streams.

OUR PRESENCE

MALAYSIA

1. Sewerage Treatment Plant, Other Facilities And GBI Building
   Contract Value: RM270 Million
2. Perak Mini Hydropower Plants
   Contract Value: RM365 Million
3. Property Development & Other Jobs
   Contract Value: RM53 Million
4. Sg. Singor, Perak Mini Hydropower Plant
   Contract Value: RM296 Million
5. Pahang Mini Hydropower Plants
   Contract Value: RM475 Million
6. Sg. Kampar, Perak Mini Hydropower Plant
   Contract Value: RM35 Million
7. LSS4@MEnTARI
8. Miscellaneous Projects
   Contract Value: RM81 Million

INDONESIA

1. Sg. Simpang, Sumatera Mini Hydropower Plant
   Contract Value: USD7 Million (equivalent to approximately RM30 million)
2. Sg. Klaai, Sumatera Mini Hydropower Plant
   Contract Value: USD6 million (equivalent to approximately RM25 million)
3. Supply Of PCR Reagent Kit For COVID-19
   Contract Value: USD6 million (equivalent to approximately RM24 million)
4. Supply Of Airbag And Genose COVID-19 Kits
   Contract Value: USD12 million (equivalent to approximately RM49 million)
5. Miscellaneous Projects
   Contract Value: RM43 million

LAOS

1. Nam Samoy Hydropower Plant
   Contract Value: USD16 million (equivalent to approximately RM66 million)
2. Nam Taep Hydropower Plants
   Contract Value: USD41 million (equivalent to approximately RM175 million)

NEPAL

1. Nepal Mini Hydropower Plant
   Contract Value: USD48 million (equivalent to approximately RM208 million)
2. Nepal Mini Hydropower Plant
   Contract Value: USD46 million (equivalent to approximately RM193 million)

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 30 JUNE 2021

ANNOUNCEMENTS OF QUARTERLY RESULTS

2020

30 November
Announcement of the unaudited consolidated results for the 1st quarter ended 30 September 2020

2021

22 February
Announcement of the unaudited consolidated results for the 2nd quarter ended 31 December 2020

20 May
Announcement of the unaudited consolidated results for the 3rd quarter ended 31 March 2021

23 September
Announcement of the unaudited consolidated results for the 4th quarter ended 30 June 2021

GENERAL MEETINGS AND ANNUAL REPORT

2020

30 October
Issuance of Annual Report 2020

9 December
23rd Annual General Meeting

28 December
Extraordinary General Meeting

2021

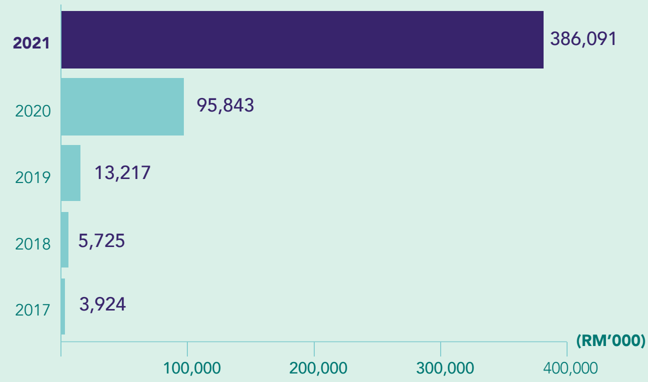
29 October
Issuance of Annual Report 2021

14 December
24th Annual General Meeting

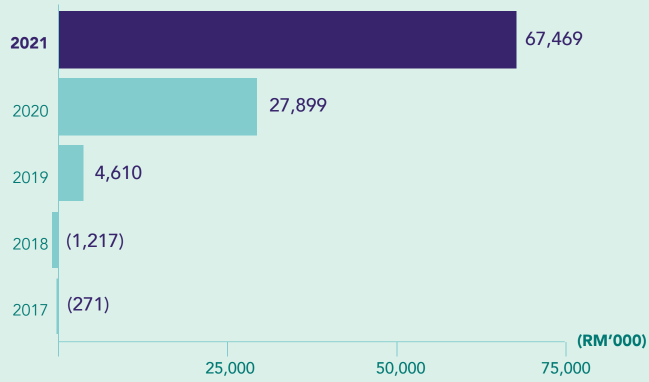
FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE

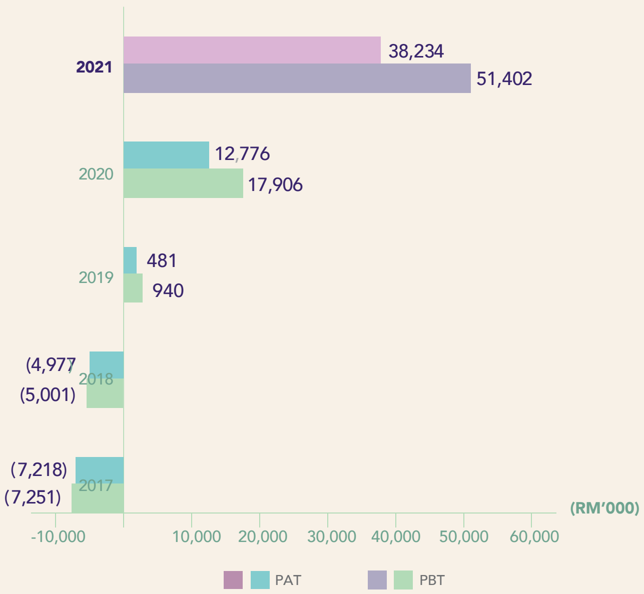
REVENUE



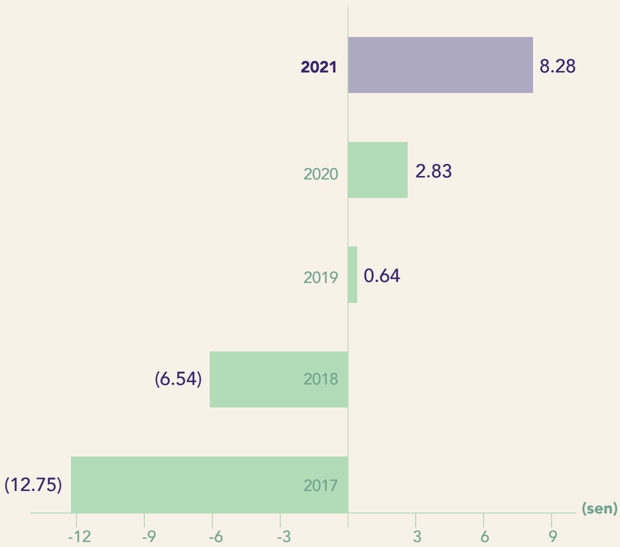
GROSS PROFIT



PROFIT/(LOSS) BEFORE & AFTER TAX (PBT & PAT)



EARNINGS PER SHARE*



**Note: Calculations for 2020 and 2021 are based on the number of shares of 452,330,648, which is prior to the private placement exercise, which was completed on 5 October 2021*

FINANCIAL HIGHLIGHTS

5-YEAR FINANCIAL SUMMARY

	FYE 30 June 2017 (RM'000)	FYE 30 June 2018 (RM'000)	FYE 30 June 2019 (RM'000)	FYE 30 June 2020 (RM'000)	FYE 30 June 2021 (RM'000)
Revenue	3,924	5,725	13,217	95,843	386,091
Gross Profit/(Loss)	(271)	(1,217)	4,610	27,899	67,469
Operating Profit/(Loss)	(7,100)	(4,808)	1,155	18,011	52,779
Profit/(Loss) Before Tax	(7,251)	(5,001)	940	17,906	51,402
Profit/(Loss) After Tax ("PAT")	(7,218)	(4,977)	481	12,776	38,234
Total comprehensive income/ (loss) for the financial year	(7,073)	(5,081)	484	12,644	38,982
Profit/(Loss) attributable to:					
Owners of the parent	(7,187)	(4,979)	486	12,786	37,463
Non-controlling interests	(31)	2	(5)	(10)	771
PAT	(7,218)	(4,977)	481	12,776	38,234
Total comprehensive income/ (Loss) attributable to:					
Owners of the parent	(7,042)	(5,083)	489	12,654	38,211
Non-controlling interests	(31)	2	(5)	(10)	771
Total comprehensive income/ (loss) for the financial year	(7,073)	(5,081)	484	12,644	38,982
Earnings per share attributable to owners of the parent (sen per share)					
Basic	(12.75)	(6.54)	0.64	2.83*	8.28*
Diluted	(12.75)	(6.54)	0.64	2.83*	8.28*

**Note: Calculations for 2020 and 2021 are based on the number of shares of 452,330,648, which is prior to the private placement exercise, which was completed on 5 October 2021.*

CHAIRMAN'S STATEMENT

"I am proud to note that we achieved growth of over 300% in revenue, recording RM386.09 million from RM95.84 million, and another 199% growth in profitability from RM12.78 million to RM38.23 million in the financial year ended 30 June 2021."

Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah

Non-Independent Non-Executive Chairman

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

OVERVIEW

The past year and a half was undoubtedly a difficult time, with the COVID-19 pandemic evolving from a health crisis into a global economic crisis at a speed and magnitude never before seen in our lifetime. As a group, we responded rapidly, adapted to the changes, and ensured that our business structure remained stable while we built internal expertise, capabilities and capacities. On top of this, we also put the safety, health and wellbeing of our people, our clients, and communities first by instituting a work-from-home policy for the Group in our effort to curb the spread of the virus.

Despite the unprecedented challenges presented by the pandemic, I am proud to say that we had risen to the occasion and made the most of opportunities to emerge stronger as a group. Throughout the year, the Group continued to notch one significant milestone after another that not only further anchored our foundation in the sustainable energy and utilities segment, but also created strategic and sustainable opportunities in all our business segments for the future.

On the business front, the Group's growth has been on the upward trajectory as evidenced by the new projects and contracts we have clinched. In the financial year ended 30 June 2021, the Group continued to secure multiple projects in Malaysia and other countries amounting to RM1.16 billion in contract value. This has brought our total order book since June 2019 to RM2.37 billion locally and internationally.

On a similar note, we successfully diversified into the solar energy segment, catalysed by our entry into a Memorandum of Agreement with PIBB to form a collaboration to provide the financing and installation of solar PV systems to PIBB's customers in relation to net energy metering scheme. This was in line with our intention to build on our capabilities in other areas of the renewable energy ("RE") spectrum to fortify our position as a leading RE company in the ASEAN region. I am also proud to note that we have signed a 21-year large-scale solar PV power purchase agreement with Tenaga Nasional Berhad in respect to our successful bid for the fourth round of the large-scale solar programme ("LSS4") initiated by the Energy Commission, marking our foray into the asset ownership business model. Additionally, our team has built up a solid pipeline, with promising hydro and solar opportunities coming up in the near future.

We also expanded our healthcare and technologies segment with the establishment of our wholly owned subsidiary KPower Healthcare & Technologies Sdn. Bhd. We marked our foray into this segment with the acquisition of a 70% equity stake in Granulab (M) Sdn. Bhd. ("Granulab"), a wholly owned subsidiary of SIRIM Tech Venture Sdn. Bhd., a subsidiary of SIRIM Berhad ("SIRIM"). Granulab is a Bio-Nexus status company involved in the production of the only Halal-certified synthetic bone graft product in Malaysia. Under our expansion plan, we have been leveraging on Granulab's technological capabilities and strategic partnership with SIRIM to capitalise on the sustainable demand for medical products and equipment arising from the COVID-19 pandemic.

Since then, our healthcare and technologies segment has charted one success after another in not only Malaysia, but also in Indonesia. In February 2021, we were mandated to supply the polymerase chain reaction Reagent Kit for COVID-19 worth approximately RM24.05 million (USD6.00 million) and the supply of airbags / breathing bags for GeNose and GeNose COVID-19 test machines worth approximately RM48.64 million (USD12.03 million) in Indonesia.

I am pleased to report that, consistent with these milestones, our Group has maintained our financial robustness, which was mainly driven by our construction related activities segment. I am proud to note that we achieved growth of over 300% in revenue, recording RM386.09 million from RM95.84 million, and another 199% growth in profitability from RM12.78 million to RM38.23 million in the financial year ended 30 June 2021.

FUTURE OUTLOOK

Trends indicate significant market potential, with the world's energy consumption expected to grow by 50%, mostly driven by regions with strong economic growth, particularly in Asia, and with RE accounting for almost one-fourth of the global demand growth.

The domestic market's potential also appears to be bright especially with the recent upward revision of Malaysia's energy transition plans. Under this plan, Malaysia has revised its RE installed capacity to 31% in 2025 and 40% in 2035, compared to the 20% projection by 2025 in 2019/2020. As the installed capacity for RE is projected to grow from 7,995MW currently to 18,000MW by 2035, more focus will be placed on Peninsular Malaysia, as it accounts for 80% of Malaysia's electricity demand. This outlook indicates that the RE sector will be prioritised moving forward.

The domestic market's potential also appears to be bright especially with the recent upward revision of Malaysia's energy transition plans.

For this reason, we continue to expect sustainable energy and utilities to be our core driver for growth. Relying on our strength and expertise in the sustainable energy, utilities and infrastructure space, we will further expand our geographical footprint into the ASEAN region, South Asia, Central Asia, the Middle East, as well as matured markets in Europe.

At the same time, we will also pursue growth in all of our other business segments namely logistics, property as well as healthcare and technologies. Our logistics segment continues to thrive, leveraging on the sustainable demand from existing customers in the rubber glove manufacturing sector. We are optimistic that the demand will continue skyward as all economic activities reopen. Simultaneously, we are also in the midst of identifying new business opportunities that will allow us to expand our service offerings in the near future.

We have big plans in store for our property segment after the recent disposal of the Group's property, namely the student accommodation in Liverpool, United Kingdom. Moving forward, we aim to create synergy between our property projects and our core business relating to sustainable energy and utilities activities by tapping into a more specialised area to ensure our expertise is optimised.

In our efforts to enhance the performance of our healthcare and technologies segment, we are constantly reviewing our business strategies and exploring optimisation strategies. We are confident that moving forward, we will create more revenue synergies by capitalising on the numerous opportunities that lie within this lucrative segment and the technological capabilities of Granulab, specifically in utilising its various patents, licenses and certifications which are in compliance with international healthcare standards.

> Despite the economic volatility and challenging business environment in the past year and a half, the Group was able to push through to record another year of growth. I am immensely grateful to my fellow members of the Board whose wise counsel played a vital role in ensuring the Group's integrity, good governance, and transparency remains intact.

ACKNOWLEDGEMENTS

Despite the economic volatility and challenging business environment in the past year and a half, the Group was able to push through to record another year of growth. I am immensely grateful to my fellow members of the Board whose wise counsel played a vital role in ensuring the Group's integrity, good governance, and transparency remains intact.

On behalf of the Board, I would also like to record our note of appreciation for the efforts of the management team and all members of the growing KPower family. Your hard work, commitment and contribution have been instrumental to the Group's achievements, and I am ever optimistic that we will continue providing the highest standard of excellence to create value that our customers, business partners and associates, investors, and shareholders have come to expect of us.

Last but not least, on behalf of the Group, I would like to extend our heartfelt gratitude to our valued stakeholders, including our business associates and partners, investors, shareholders and customers. Thank you for your patronage and unwavering support and confidence in us.

Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah
Non-Independent Non-Executive Chairman

GROUP MANAGING DIRECTOR'S STATEMENT

"In 2021, we completed our successful transformation into an RE and utility-based group which was further strengthened by our ventures into the solar energy space, in addition to hydropower energy, to complement our efforts in the sustainable energy and utilities segment."

Mustakim bin Mat Nun
Deputy Chairman and Group Managing Director

Dear Valued Shareholders,

OVERVIEW

Another year has gone by, and I am pleased to once again present to you KPower's Annual Report. Despite a year characterised by the pandemic, we progressed with confidence from a position of strength and with momentum in all our segments. With the continued support from our stakeholders, business partners and our workforce, we moved forward during the year with an even stronger conviction that we are on the right path towards leading and advocating sustainability for the future.

In 2021, we completed our successful transformation into a RE and utility-based group which was further strengthened by our ventures into the solar energy space, in addition to hydropower energy, to complement our efforts in the sustainable energy and utilities segment. As one of the leading Engineering, Procurement, Construction and Commissioning RE contractors in Malaysia, we are fortunate to have the support of our business partners in this heavily regulated industry, which is subject to regulation by authorities such as the Federal and State governments, the Energy Commission, and the Sustainable Energy Development Authority Malaysia, amongst others.

Aside from establishing valuable relationships in the sustainable energy and utilities segment, we have also developed significant business relationships with renowned multinational corporations ("MNCs") under our logistics segment.

In order to comply with the MNCs' high-quality standards and deliver top-notch products and services, we have continued to fortify our occupational safety and health practices. Our products and services are also regularly audited to identify areas for improvement.

As the Group works with multiple regulatory authorities, it is highly crucial for KPower to ensure that good corporate governance is practiced across the board. This includes practicing accountability and transparency while implementing proper internal audit control and risk management policies and procedures within the Group.

For this reason, KPower has established the Code of Business Ethics, Anti Bribery and Anti-Corruption Policy, and the Whistleblowing Policy. We have also recently engaged an ESG consultant for a comprehensive and concerted Groupwide effort towards our ESG goals and our aim to be included in the FTSE4Good index.

With the successful streamlining of our Group's business structure into four segments namely sustainable energy and utilities, logistics, healthcare and technologies as well as property, we intend to create a more efficient and productive organisation. It is also our hope that the streamlining of our corporate governance practices will accelerate this effort which will ultimately drive growth in all our business areas.

Our recent inclusion in the FTSE Bursa Malaysia EMAS Index also marks another step towards our aim to be included in the FTSE4Good Bursa Malaysia Index for which the selection criteria will focus mainly on ESG areas. This augurs well with our Vision and Mission as we strive to enhance our sustainable values through our ESG initiatives which will be implemented Groupwide.

In addition to this, we were also awarded the BrandLaureate BestBrands e-Branding Award 2020 in July 2020 for Energy Solutions, which honoured the pursuit of brand excellence.

RM12.78 million to RM38.23 million

199% increase in net profit

GROUP PERFORMANCE & FUTURE PLANS

Following an intense year, the Group continued to deliver a stellar financial performance for the financial year ended 30 June 2021. During the financial year, the Group recorded a revenue of RM386.09 million, an increase of 303% or RM290.25 million from FYE2020. Simultaneously, our net profit also rose by 199% or RM25.46 million to RM38.23 million in the same period.

These encouraging results were mainly driven by our sustainable energy and utilities segment which saw several major accomplishments, in both the hydropower and solar energy sectors, throughout the year. One of our most illustrious achievements this year was the signing of a 21-year large-scale solar photovoltaic power purchase agreement with Tenaga Nasional Berhad in relation to our successful bid for the LSS4 projects initiated by the Energy Commission. This does not only ensures a steady stream of revenue to the Group, but also signifies our first steps into the asset ownership business model.

We also forged a significant partnership with PIBB through a Memorandum of Agreement to finance and install solar photovoltaic systems for PIBB's customers in relation to the net energy metering scheme. The collaboration will allow us to provide a one-stop solution to our customers and further our vision of developing a green city by encouraging consumption of clean energy.

While we are currently involved in hydropower and solar energy under the sustainable energy and utilities segment, we also aspire to strengthen our footing in the RE segment by establishing ourselves as a one-stop centre for RE solutions, serving the entire RE spectrum, including waste-to-energy and wind energy.

This will include establishing and further solidifying our capacity and capabilities in investment as well as design and construction work. We are also exploring opportunities to work with other global experts in the RE space to further develop RE-related technologies which we aim to make commercially available in Malaysia.

In line with the Group's efforts to move forward through diversified and sustainable activities while simultaneously establishing synergy between all of our business segments, we have re-evaluated our path forward in the property segment. The recent disposal of our freehold property, The Lodge, in Liverpool, United Kingdom has freed up our resources to explore new avenues for growth and revenue generation. In the near future, we aspire to venture into selective development projects, such as green city developments, in line with our goal to promote green energy and sustainability.

Our logistics segment has been undergoing stable growth under Chemtrax, KPower Logistics' 51%-owned subsidiary. As a transporter of butadiene which is mainly used in the production of synthetic rubber, Chemtrax has experienced growth from its existing customers in the rubber glove manufacturing sector, on top of its other specialist chemical clients. To further enhance our operational efficiencies, we plan to upgrade Chemtrax's services and technology in the near future. Our vision is to shift to a more energy efficient fleet for our logistics segment that aligns with our sustainable business model and also impact our bottom line positively.

We also look forward to the future of our healthcare and technologies segment, especially considering the major developments that the segment has accomplished in the past year. With the acquisition of Granulab, we have acquired the licenses to manufacture and sell medical related products in Malaysia. Our acquisition of Granulab in early 2021 was one of the main drivers for this segment particularly as we we able to leverage on Granulab's expertise in the manufacturing of GranuMas, a Halal-certified synthetic bone graft, the first-of-its-kind in Malaysia and the ASEAN region. GranuMas is a form of hydroxyapatite bone graft that has the composition and properties identical to human bone mineral, and is commonly used as an innovative alternative material in surgeries requiring bone grafting procedures.

Underlined by Granulab's strict adherence to quality standards, GranuMas is manufactured under the GMP ISO 13485:2016, the international standard for quality management for the design and manufacture of medical devices. It is also European CE Mark-certified by BSI Netherlands, which indicates its adherence to the European Union's safety, health, and environmental protection requirements.

OUR PEOPLE

KPower's outstanding performance was the result the enthusiastic dedication and commitment of our people. Consequently, we strive to recruit new and diverse talents while retaining and nurturing our existing talents to reinforce our competitive edge as a Group.

Several initiatives that we undertook to further this agenda included reviewing the remuneration structure of the Group to ensure that our remuneration package is fair, competitive and commensurate with our employees' experience, skills, responsibilities, performance, contributions as well as the industry benchmark. We complement our remuneration package with competitive employee benefits such as Group Takaful Coverage, health benefits for staff, and executive health screening.

Adding to this, we also believe in the importance of creating a well-balanced workplace environment, particularly during this tough time.

As such, we instituted a work-from-home policy during the first and second Movement Control Order and the implementation of the Full Movement Control Order. During this time, we kept all lines of communication open to ensure constant and transparent communication across the Group.

We also encouraged our employees to participate in the National COVID-19 Immunisation Programme, and as of 21 October 2021, 100% of our employees are fully vaccinated. In September 2021, with Malaysia's transition into Phase 2 of the National Recovery Plan where more economic sectors and businesses are allowed to reopen, we have allowed all our fully vaccinated employees to return to work in our office.

With the current state of the COVID-19 cases in Malaysia, KPower subsidises our employees' COVID-19 testing as one of our preventive measures during the pandemic.

The sudden decrease in the rate of human contact and face-to-face communication amongst our people during the work-from-home period may cause an adverse mental and emotional effect on them. We believe that physical activities and exercise can be an effective strategy to counter the above and with this aim, we held the KPower 10km Virtual Run. The Virtual Run, which was conducted from 18 June to 30 June 2021, was an employee engagement programme aimed at boosting everyone's mental and physical health while staying at home.

We are happy to note that despite the COVID-19 pandemic, KPower is still able to retain our people across all our business segments. Moving forward, we plan to strengthen our internal capabilities and grow our human capital by hiring the right people with the right expertise to support the Group in this human capital-intensive industry.

COMMUNITIES & RESPONSIBILITIES

The community surrounding us has played a huge role in the Group's growth. The support that the community has accorded us has allowed us to form a mutually beneficial relationship, which involves developing mutual trust and respect.

As most of the country, particularly the social groups in the most vulnerable situations, struggled with the unprecedented challenges brought on by the pandemic, we extended a helping hand and initiated our own Food Aid Programme, focusing on donating basic food supplies to rural areas within Malaysia. At the same time, we also set up the Drive for Humanity Sabah programme which focused on spreading awareness to the communities in Sabah on COVID-19 and the importance of COVID-19 vaccinations. We complemented these efforts with food donation drives.

ACKNOWLEDGEMENTS

On behalf of the Group, our heartfelt appreciation goes out to KPower's stakeholders, specifically the Board of Directors, shareholders, regulators, business associates, and our customers for the continuous, and invaluable support rendered to KPower.

To the KPower family, which forms our very heart and soul, a big thank you from the bottom of my heart. The past year and a half have tested your resilience and I am incredibly proud of the way you have responded, showing a combination of grace, compassion, and dedication, all for the growth of the Group. May we continue to grow and expand to serve our communities in a sustainable and responsible manner.

Mustakim bin Mat Nun
Deputy Chairman and Group Managing Director

BOARD OF DIRECTORS

**DATO' DR. IR. TS.
MOHD ABDUL KARIM
BIN ABDULLAH**

**MUSTAKIM
BIN MAT NUN**

**SARAH AZREEN
BINTI ABDUL SAMAT**

**DATO' ARIVALAGAN
A/L ARUJUNAN**

TAN YEE HOU

KOK PAULINE

1. DATO' DR. IR. TS. MOHD ABDUL KARIM BIN ABDULLAH
Non-Independent Non-Executive Chairman

2. MUSTAKIM BIN MAT NUN
Deputy Chairman and Group Managing Director

3. SARAH AZREEN BINTI ABDUL SAMAT
Non-Independent Non-Executive Director

4. DATO' ARIVALAGAN A/L ARUJUNAN
Non-Independent Non-Executive Director

5. TAN YEE HOU
Independent Non-Executive Director

6. KOK PAULINE
Independent Non-Executive Director

MANAGEMENT TEAM

MUSTAKIM BIN MAT NUN

AMIRUL AFIF BIN ABD AZIZ

KHAIRULAKLAM BIN OMAR

KHAIRIL IKHZAN BIN ABD AZIZ

LILIK HARIANTI BINTI SAIJAN

PUTERI NUR QISTINA BINTI ABD. RAHMAN

ZAINAL AZWADI BIN ZAINAL ABIDIN

KAMALULARIFFIN BIN AHMAD

1. MUSTAKIM BIN MAT NUN
Deputy Chairman and Group Managing Director

2. AMIRUL AFIF BIN ABD AZIZ
Group Chief Financial Officer

3. KHAIRULAKLAM BIN OMAR
Senior Vice President / Head of Project Development

4. KHAIRIL IKHZAN BIN ABD AZIZ
Vice President / Head of Risk Management and Corporate Finance & Strategy

5. LILIK HARIANTI BINTI SAIJAN
Vice President / Head of Corporate Resources & Administration

6. PUTERI NUR QISTINA BINTI ABD. RAHMAN
Senior Manager / Head of Finance

7. ZAINAL AZWADI BIN ZAINAL ABIDIN
Chief Executive Officer - KPower Engineering Sdn. Bhd.

8. KAMALULARIFFIN BIN AHMAD
Chief Operating Officer - KPower Engineering Sdn. Bhd.

BOARD OF DIRECTORS

Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah
Non-Independent Non-Executive Chairman

- 56, Male, Malaysian.
- Date of Appointment as Non-Independent Non-Executive Deputy Chairman: 28 June 2019
- Date of Redesignation as Non-Independent Non-Executive Chairman: 28 November 2019

Dato' Karim began his career as a maintenance engineer with Asean Bintulu Fertilizer Sdn. Bhd., specialising in rotating equipment.

He has been a member of the Institution of Engineers Malaysia since 1994, a registered member of the Board of Engineers Malaysia since 1996 and a member of the Asean Federation of Engineering Organisation since 2002. As of January 2020, he holds the title of Professional Technologist ("Ts.") from Malaysia Board of Technologists.

He is the founder, Group Managing Director and Group CEO of Serba Dinamik Holdings Berhad, Non-Independent Non-Executive Chairman of Sarawak Consolidated Industries Berhad and Non-Executive Chairman of BiON PLC (listed on AIM)

Dato' Karim holds a Bachelor's Degree in Mechanical Engineering from Universiti Teknologi Malaysia. He obtained an Honorary PhD in Industrial Engineering from InterAmerican University, USA, and an Honorary PhD in Entrepreneurship from Golden State University, USA.

He is the chairman of the Investment Committee of the Company.

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

He does not have any conflict of interest with the Company.

BOARD OF DIRECTORS

Mustakim bin Mat Nun
Deputy Chairman and Group Managing Director

- 48, Male, Malaysian.
- Date of Appointment as Managing Director: 28 June 2019
- Date of Redesignation as Deputy Chairman and Group Managing Director: 28 November 2019

Mustakim has more than 23 years of experience in investment banking and corporate finance, including undertaking various corporate exercises such as funding transactions of debt and equity (Islamic and conventional), mergers and acquisitions, project financing, corporate restructuring and private finance initiatives projects. He specialises in the energy and utilities sectors, particularly in renewable energy such as hydro, solar and thermal power plant projects, and other infrastructure projects, through his involvement in the investment, development and construction of renewable energy power plants, water, and waste water-related projects in both the Malaysian and overseas markets.

He currently sits on the Boards of OHP Capital Sdn. Bhd. and all its subsidiaries, 3p Capital Advisers Sdn. Bhd., Loyal Engineering Sdn. Bhd. and Majestic Offshore Sdn. Bhd. He was previously attached to Elaf Bank B.S.C. (C) Bahrain from 2009 to 2011. His previous stints include PricewaterhouseCoopers, Malaysian International Merchant Bankers Berhad and Bank Muamalat Malaysia Berhad.

Mustakim holds a Bachelor's Degree in Accounting and Finance from the South Bank University of London.

He is a member of the Investment Committee of the Company.

He has no directorship in any other public listed company. He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

He does not have any conflict of interest with the Company.

BOARD OF DIRECTORS

SARAH AZREEN BINTI ABDUL SAMAT

DATO' ARIVALAGAN A/L ARUJUNAN

TAN YEE HOU

KOK PAULINE

Sarah Azreen binti Abdul Samat
Non-Independent Non-Executive Director

- 46, Female, Malaysian.
- Date of Appointment: 28 November 2019

Sarah has approximately 20 years of experience in corporate finance transactions involving equity issuance, mergers and acquisitions, corporate restructuring and corporate valuation.

She started her career in investment banking with Malaysian International Merchant Bankers Berhad in 2001 after obtaining her professional qualifications from PricewaterhouseCoopers. Her career in Corporate Finance has then continued to develop through AmInvestment Bank Berhad, Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and RHB Investment Bank Berhad.

Sarah is currently the Executive Director of 3p Capital Advisers Sdn. Bhd., a company licensed with the Securities Commission Malaysia, which provides advisory services to capital market players. She also sits on the Board of Pharmaniaga Berhad as Independent Non-Executive Director.

She holds a degree in Bachelor of Commerce (Accounting) from University of Canberra, Australia and was accredited as a certified practising accountant by CPA Australia in 2001. She holds a Capital Markets Services Representative's Licence (CMSRL).

She is the chairperson of the Nomination Committee, Remuneration Committee and Risk Management Committee as well as a member of the Audit Committee and Investment Committee of the Company.

She does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

She does not have any conflict of interest with the Company.

Dato' Arivalagan A/L Arujunan
Non-Independent Non-Executive Director

- 56, Male, Malaysian.
- Date of Appointment as Executive Director: 30 November 2017
- Date of Redesignation as Non-Independent Non-Executive Director: 28 November 2019

Dato' Arivalagan is currently the Director of Aspire Homes Sdn. Bhd., a property developer.

He holds an Advanced Diploma in Management and Administration from The Society of Business Practitioners, United Kingdom.

He is a member of the Investment Committee and Risk Management Committee of the Company.

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

He has no directorship in any other public listed company.

He does not have any conflict of interest with the Company.

Tan Yee Hou
Independent Non-Executive Director

- 38, Male, Malaysian.
- Date of Appointment: 13 March 2019

Yee Hou began his career with OCBC Bank Berhad before joining his family's business, LTKM Berhad, a leading producer of chicken eggs, in 2007. As Deputy Managing Director of LTKM's wholly owned subsidiary LTK Development Sdn. Bhd., he led the company's diversification into property development.

He holds a Diploma in Engineering from the University of Monash, Australia.

He is a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee of the Company.

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

He has no directorship in any other public listed company.

He does not have any conflict of interest with the Company.

Kok Pauline
Independent Non-Executive Director

- 37, Female, Malaysian.
- Date of Appointment: 30 November 2017

Pauline is a member of the Malaysian Institute of Accountants and a fellow of the Association of Chartered Certified Accountants (ACCA/FCCA).

She has over 13 years of experience in auditing and accounting in various industries, including government-linked companies (GLCs). She started her career in auditing with Ernst & Young. Subsequently, she joined Folks DFK & Co as a director where she headed a business group audit division. She left the firm in 2016 and founded KPG Advisory Sdn. Bhd.

She graduated from Oxford Brookes University, United Kingdom, majoring in Accounting in Association with ACCA.

She is the chairperson of the Audit Committee and a member of the Nomination Committee, Remuneration Committee, and Risk Management Committee of the Company.

She does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

She has no directorship in any other public listed company.

She does not have any conflict of interest with the Company.

MANAGEMENT TEAM

MUSTAKIM
BIN MAT NUN

AMIRUL AFIF
BIN ABD AZIZ

KHAIRULAKLAM
BIN OMAR

KHAIRIL IKHZAN
BIN ABD AZIZ

MANAGEMENT TEAM

Mustakim bin Mat Nun
Deputy Chairman and Group Managing Director

- 48, Male, Malaysian.
- Date of Appointment as Managing Director: 28 June 2019
- Date of Redesignation as Deputy Chairman and Group Managing Director: 28 November 2019

For details of Mustakim bin Mat Nun's profile, please refer to page 29 of this Annual Report.

Amirul Afif bin Abd Aziz
Group Chief Financial Officer

- 45, Male, Malaysian.
- Date of Appointment: 29 August 2019

Amirul has more than 20 years of experience in corporate and investment banking, particularly in Islamic finance, privatisation projects / project financing, corporate fundraising, group restructuring as well as mergers and acquisitions.

He began his career in Cagamas Berhad and has held various key positions in Bumiwerks Capital Management Sdn. Bhd., Kuwait Finance House (Malaysia) Berhad, Maybank Investment Bank Berhad, Binafikir Sdn. Bhd., Amanie Advisors LLC (UAE), FCA Capital Sdn. Bhd. and Mirmas Holding Sdn. Bhd..

Amirul holds a Bachelor's Degree in Commerce and Management (Accounting) and a Postgraduate Diploma in Commerce and Management from Lincoln University, New Zealand.

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

He has no directorship in any other public listed company.

He does not have any conflict of interest with the Company.

Khairulaklam bin Omar
Senior Vice President
Head of Project Development

- 43, Male, Malaysian.
- Date of Appointment: 5 July 2019

Khairulaklam has 20 years of experience in the utilities sector, specialising in solutions in power and water segments within the Southeast Asian region. His industrial expertise includes power, oil and gas, food and beverage as well as commercial and institutional advanced utility solutions in brown field and green field development.

He has held senior management positions at SUEZ Water Technologies & Solutions Malaysia Sdn. Bhd. and GE Power & Water Sdn. Bhd..

Khairulaklam holds a Bachelor's Degree in Chemical Engineering from Universiti Teknologi Malaysia (with an extended Degree Program in Delft University of Technology, Netherlands).

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

He has no directorship in any other public listed company.

He does not have any conflict of interest with the Company.

Khairil Ikhzan bin Abd Aziz
Vice President
Head of Risk Management and Corporate Finance & Strategy

- 44, Male, Malaysian.
- Date of Appointment as Vice President / Head of Risk Management: 1 April 2021
- Date of Redesignation as Vice President / Head of Risk Management and Corporate Finance & Strategy: 1 August 2021.

Khairil has over 15 years of experience in credit assessment, corporate banking, capital market and structured finance, government and stakeholders' relations. He held various positions in Unit Peneraju Agenda Bumiputera, Jabatan Perdana Menteri, Bank Rakyat, MIDF Investment Bank and Bumiputra Commerce Bank.

Khairil holds a Certified Practising Accountant (CPA) qualification from CPA Australia and Bachelor's Degree in Accountancy (Hons) from Universiti Teknologi MARA.

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

He has no directorship in any other public listed company.

He does not have any conflict of interest with the Company.

MANAGEMENT TEAM

LILIK HARIANTI BINTI SAIJAN

PUTERI NUR QISTINA BINTI ABD. RAHMAN

ZAINAL AZWADI BIN ZAINAL ABIDIN

KAMALULARIFFIN BIN AHMAD

Lilik Harianti binti Saijan
Vice President
Head of Corporate Resources & Administration

- 45, Female, Malaysian.
- Date of Appointment: 15 July 2019

Lilik has 21 years of experience in human resources and recruitment covering private entities, multinational corporations and non-governmental organisations.

She has worked for the International Federation of Red Cross and Red Crescent Societies, Nestle Products Sdn. Bhd., Biotropics Sdn. Bhd., Cold Chain Network (M) Sdn. Bhd. and Marshall Cavendish (M) Sdn. Bhd..

Lilik holds a Bachelor's Degree in Human Resource Management from the University of Stoke-on-Trent, United Kingdom.

She does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

She has no directorship in any other public listed company.

She does not have any conflict of interest with the Company.

Puteri Nur Qistina binti Abd. Rahman
Senior Manager
Head of Finance

- 32, Female, Malaysian.
- Date of Appointment as Manager / Acting Head of Finance of the Company: 1 April 2020.
- Date of Redesignation as Senior Manager / Head of Finance: 1 January 2021.

Qistina has 10 years of experience in audit, exposing her to various industries including automotive, property investment, property management, marketing, construction, hospitality and leisure.

Her previous experience includes holding various positions in the Audit and Assurance Department for Deloitte KassimChan and Ernst & Young.

She holds a Chartered Institute of Management Accountants (CIMA) from London Business School and Finance, United Kingdom and a Bachelor (Hons) of Accountancy from Universiti Teknologi MARA.

She does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

She has no directorship in any other public listed company.

She does not have any conflict of interest with the Company.

Zainal Azwadi bin Zainal Abidin
Chief Executive Officer
KPower Engineering Sdn. Bhd.

- 48, Male, Malaysian.
- Date of Appointment as SVP, Head of Supply Chain Management: 5 July 2019
- Date of Redesignation as Chief Executive Officer of KPower Engineering Sdn. Bhd.: 1 September 2021.

Zainal started his career at Pricewaterhouse 20 years ago as an auditor in the oil and gas, government and general services sectors, before joining the Securities Commission Malaysia as an Executive Officer in the Intermediary and Market Supervision Division. Subsequently, he had stints in Petroliam Nasional Berhad, Citibank Malaysia and Efogen Sdn. Bhd..

Zainal holds a Bachelor's Degree in Accountancy from Universiti Teknologi MARA.

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

He has no directorship in any other public listed company.

He does not have any conflict of interest with the Company.

Kamalulariffin bin Ahmad
Chief Operating Officer
KPower Engineering Sdn. Bhd.

- 46, Male, Malaysian.
- Date of Appointment as Vice President / Head of Project Implementation of the Company: 5 July 2019
- Date of Redesignation as Chief Operating Officer of KPower Engineering Sdn. Bhd.: 1 September 2021.

Kamalulariffin has more than 20 years of experience in construction and energy project management covering procurement, costing and implementation. His experience includes positions at Ranhill Engineers & Constructors Sdn. Bhd., PECB Berhad, Sime Darby Berhad and Maxwell Energy Sdn. Bhd. He has also held senior management positions at Mozzpower Sdn. Bhd. and OHP Ventures Sdn. Bhd..

Kamalulariffin holds a Bachelor's Degree in Construction Management from Universiti Teknologi MARA.

He does not have any family relationship with any Director and/or major shareholder and has not been convicted of any offences within the past five years (other than traffic offences, if any).

He has no directorship in any other public listed company.

He does not have any conflict of interest with the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite the stagnant global economic performance due to the COVID-19 pandemic, KPower's financial performance in FYE2021 remains steadfast after successfully repositioning itself into new sectors to generate sustainable revenue streams, in addition to its existing businesses.

During the financial year, KPower has been intensively expanding within the sustainable energy and utilities segment, from solely hydropower energy to include solar energy in its product offerings. The sustainable energy and utilities segment has continued to lead as the major contributor in our financial results for FYE2021.

The following Management Discussion and Analysis is a review of the Group and shall be read in conjunction with the audited financial statements.

FINANCIAL PERFORMANCE REVIEW

303%
growth in revenue

Revenue

For FYE2021, the Group recorded a significant increase in revenue of 303% or RM290.25 million to RM386.09 million from RM95.84 million in FYE2020. Construction related activities and specialised engineering projects remained as the primary revenue contributor, accounting for 93.52% or RM361.09 million of total revenue in FYE2021. Meanwhile, the logistics segment contributed 2.65% of the total revenue, followed by 2.40% from the property development and investment segment and the remaining 1.43% from the healthcare segment.

Gross Profit

The Group's gross profit grew 142% from RM27.90 million in FYE2020 to RM67.47 million in FYE2021. The Group has steadily recorded positive growth for three (3) consecutive periods after several years of losses.

Profit Before and After Tax

The Group's earnings turned into another record high with an 187% increase in profit before tax ("PBT") in FYE2021 to RM51.40 million from RM17.91 million in the previous financial year. Meanwhile profit after tax ("PAT") increased 199% to RM38.23 million for FYE2021 from RM12.78 million in FYE2020.

Finance Costs and Income Tax

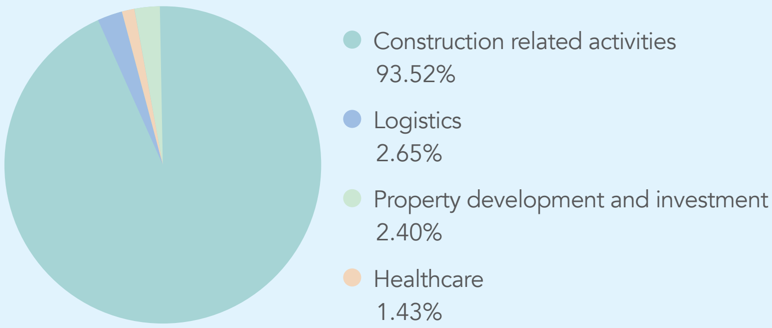
The Group's finance costs have increased by 1,211% to approximately RM1.38 million in FYE2021, reflecting an increase in average net debt during the year. This is mainly due to new bank borrowings obtained during the year. The Group reported tax rate is based on the statutory rate of 24% (2020: 24%) of the estimated assessable profit for the year. In FYE2021, the Group recorded RM13.17 million in income tax expense.

Principal Activities

The Group's current principal business is construction related activities and specialised engineering services relating to sustainable energy and utilities.

The Group is also engaged in property development and investment, healthcare and logistics segments.

Segmental Revenue (%)



Construction Related Activities

The construction related activities segment recorded RM361.09 million in revenue, contributing 93.52% to the total revenue of the Group during the financial year under review. The increase in revenue was mainly due to the progress of existing projects and contributions from projects based on order basis in Malaysia and abroad.

Logistics

The next largest segment contributing to the Group's revenue, the logistics segment, has generated RM10.24 million, representing 2.65% of the total revenue during the financial year under review contributed by our newly acquired subsidiary, Chemtrax Sdn. Bhd.

Property Development and Investment

The Group's property development and investment segment contributed RM9.25 million to the revenue, accounting for 2.40% of the Group's revenue. Save for the Sentul Project under KPower Development, the Group does not have any other ongoing development projects.

The Group takes further comfort that our sole property development project is fully sold, securing revenue and limiting our exposure to market risk. While we faced challenges in construction from the shutdown during the MCO, the Group has since recommenced construction and is working hard towards completing the Sentul Project.

On 9 July 2021, the Group completed the disposal of its freehold property based in Liverpool, known as The Lodge, a 36-bed student hall of residence converted in 2011 from its previous use as a hostel, for a cash consideration of GBP1.25 million (equivalent to approximately RM7.19 million). The property is located at 1 Princes Road, Liverpool, L8 1TG, United Kingdom, which is about one (1) mile south-east of the Liverpool city centre. The disposal represents an opportunity for the Group to unlock the value and monetise its non-core investment besides providing immediate cash flow that will be channelled towards meeting the general working capital requirements of KPower and its subsidiaries.

Healthcare

The acquisition of Granulab (M) Sdn. Bhd. has marked the maiden venture for KPower into the healthcare and technologies segment that can generate long term revenue growth and sustainable income. KPower foresee by acquiring majority interest in Granulab, the Group can create revenue synergies through its existing platform and network of shareholders by leveraging on technological capabilities of Granulab utilising its various patents, licenses and certification. The Group has also further strengthened its position in the healthcare segment outside the domestic market with contracts in Indonesia to supply the polymerase chain reaction Reagent Kit for COVID-19, and airbags/breathing bags for GeNose and GeNose COVID-19 test machines. The establishment of the Group's healthcare segment has generated RM5.51 million of revenue, representing the remaining 1.43% of the total revenue for FYE2021.

Financial Position

The Group's total assets increased by RM150.72 million or 90.13% from RM167.23 million in FYE2020 to RM317.95 million in FYE2021, mainly due to an increase in cash and bank balances, trade receivables, as well as contract assets relating to construction contracts.

The Group's borrowings stood at RM58.22 million as at FYE2021. The total borrowings during FYE2021 increased by RM56.24 million, resulting in an increase in gearing ratio from 0.02 in FYE2020 to 0.41 in FYE2021 from new bank borrowings obtained during the year that consist of revolving credits, trade financing, hire purchase and term loan.

Construction	Logistics	Propery Development and Investment	Healthcare
RM361.09 million of Revenue	**RM10.24 million** of Revenue	**RM9.25 million** of Revenue	**RM5.51 million** of Revenue

CAPITAL MANAGEMENT

The Group has adopted a disciplined approach in respect of its capital management to enhance its long-term financial stability as well as allowing the Group to pursue its long-term vision and mission. In doing so, the Group aims to maintain an optimal capital structure that provides flexible access to financial markets to ensure the availability of funds to meet its financial obligations, thus maintaining a healthy gearing ratio.

The capital structure of the Group consists of debt which includes borrowings, cash and cash equivalents, and equity attributable to equity holders of the Company.

The Group actively and regularly reviews and manages its capital structure with the objective of ensuring that the Group will be able to meet its financial obligations while maximising the return to stakeholders. These reviews take into consideration future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

DIVIDENDS

The Board of Directors have not recommended any dividend in respect of the current financial year.

CORPORATE EXERCISES

During the financial year under review, the Group completed the acquisition of 2,193,000 ordinary shares in Chemtrax Sdn. Bhd. representing 51% of the total number of issued shares, for a total cash consideration of RM10.00 million. The acquisition is in line with the Group's intention to provide logistics solutions to complement various activities within the network of shareholders.

KPower has undertaken, amongst others, a share split involving a subdivision of every 1 existing KPower Share into 4 KPower Shares and issuance of up to 150,776,882 warrants on the basis of 1 warrant for every 3 subdivided shares held on the warrants' entitlement date. On 25 January 2021, KPower completed the issuance of 150,774,529 warrants.

Subsequent to the Share Split and Issuance of Free Warrants, the Group has further ventured its principal activities to include healthcare, in line with KPower's plans to expand into the healthcare segment with the acquisition of 70% equity stake in Granulab (M) Sdn. Bhd, a medical device manufacturing company on 2 April 2021.

Further, KPower has completed another private placement exercise ("Private Placement III") with issuance of 90,466,129 of ordinary shares in KPower and raised a total proceeds of approximately RM61 million on 5 October 2021. The total proceeds raised from this fund-raising exercise are to be utilised for amongst others, to finance the working capital for 50 MW solar photovoltaic plant, mini hydro power plants and other up-coming projects and/or other investment opportunities.

OUTLOOK

• Construction Related Activities

KPower's construction related activities and specialised engineering services are mainly in the sustainable energy and utilities segment. While projects secured are mostly hydropower and solar related projects, there are huge opportunities in this segment, not only in hydropower and solar energy related projects, but also in other areas of this industry. As construction related activities continue to be the Group's main business drive, improvement and strengthening of this segment is an ongoing process. The Group has taken great care in enhancing its ability to deliver both locally and abroad.

The effectiveness of COVID-19 vaccination programmes in many major economies and widespread fiscal policies to mitigate the economic crisis have improved the economic outlook, leading to a rebound in energy demand in 2021.

According to the International Energy Agency ("IEA") in its Global Energy Review 2021, global energy demand is expected to increase by 4.6% in 2021, more than offsetting the 4% contraction in 2020 and pushing demand to 0.5% above 2019 levels. Almost 70% of the projected increase in global energy demand is in emerging markets and developing economies, where demand is set to rise to 3.4% above 2019 levels. Energy use in advanced economies is on course to be 3% below pre-COVID levels.

Renewable electricity generation in 2021 is expected to expand by more than 8% to reach 8,300 TWh, the fastest year-on-year growth since the 1970s. Solar photovoltaic and wind are forecasted to contribute two-thirds of renewables growth. China alone should account for almost half of the global increase in renewable electricity in 2021, followed by the United States, the European Union and India.

Recently, Malaysia revised its Renewable Energy ("RE") installed capacity to 31% in 2025 and 40% in 2035, compared to the 20% by 2025 target set in 2019/20. This revision is in line with the global outlook in the RE sector and will bode well specifically for the growth of local RE activities, as well as for global RE activities.

Following the revision in RE installed capacity, the carbon emission intensity from the power sector is set to be reduced by 45% in 2030, and a further 60% in 2035, compared to the 2005 level, in line with Malaysia's Nationally Determined Contributions (NDCs) targets under the Paris Climate Agreement. More than 7,000 MW of coal power plants' Power Purchase Agreements will expire by 2033 and will be replaced by mostly gas and RE, thus lowering Malaysia's carbon emissions.

In order to increase the share of RE in the power capacity mix, the Malaysian Government will be focusing on Peninsular Malaysia, which contributes 80% of Malaysia's electricity demand. From the 31% RE target in 2025, 26% comes from Peninsular Malaysia. Meanwhile, out of the 40% target in 2035, Peninsular Malaysia accounts for 32%. RE capacity in Peninsular Malaysia is projected to increase from the current 4,430MW to 10,944MW in the next 15 years. As solar has the highest potential, Malaysia plans to introduce battery energy storage systems (BESS), with a total capacity of 500MW from 2030 onwards.

To date, the installed capacity for RE in Malaysia is 7,995MW. By 2035, the RE installed capacity is forecasted to more than double to 18,000 MW.
The recent outlook of the local and global energy sector indicates that the industry we operate in, namely sustainable energy and utilities will remain resilient. Apart from EPCC-based revenue, KPower will continue to venture into the asset ownership model initiated by the Group's successful bid of 50MW in the LSS4 programme.

• Logistics

In February 2021, Malaysia has been ranked top ten among the 50 attractive nations to logistics providers, freight forwarders, shipping lines, air cargo carriers and distributors in a global logistics ranking, the 12th annual Agility Emerging Markets Logistics Index. This indicates that the logistic industry is evolving rapidly and there will be a continuous investment in this sector. The reopening of all economic activities will continue to spur the demands in this industry.

According to the Twelfth Malaysia Plan 2021-2025, Malaysia aims to be ranked among the top 30 in the World Bank Logistic Performance Index and become a regional logistics hub by 2025. Initiatives will be introduced by the Malaysian government to enhance the competitiveness of the transport and logistics sectors. These include enhancing efficiency and leveraging on digitalisation in transport and logistics services.

The Group's logistics arm, KPower Logistics, performed well through its 51%-owned subsidiary, Chemtrax. We expect that Chemtrax will continue to contribute positively to the Group's earnings, backed by their 20 years of experience in this industry with a strong clientele base. Currently, Chemtrax is experiencing growth from its existing customers in the rubber glove manufacturing sector and steady demand from its other long-term clients.

- **Healthcare**

Compared to other countries, Malaysia offers lower medical costs as the industry is highly subsidised by the government. In recent years, the government has encouraged further private investment, amid the economic multiplier effect of the medical industry. Among the potential segment growth are medical tourism, the manufacturing of medical devices, pharmaceuticals, and clinical research, among others. This makes Malaysia a potential regional health services hub despite fierce competition from its more established neighbours Singapore and Thailand.

According to Malaysia's Finance Minister, in a recent virtual briefing during the World Economic Forum (WEF)'s latest Asean Youth Survey - organised in collaboration with The Straits Times - Malaysia will undertake a medium to long-term reform of its healthcare sector while gradually aiming to increase healthcare spending every year.

Malaysia's overall healthcare spending is still below 5% of its gross domestic product ("GDP") compared to 10% of GDP for Organisation for Economic Cooperation and Development (OECD) countries. Healthcare spending is projected to hit 5% of GDP in 2021 ahead of Malaysia's next federal budget which is scheduled to be tabled on 29 October 2021.

Owing to the favourable outlook of the healthcare industry, the Group's healthcare arm, Granulab, is currently undergoing business enhancement and integration to strengthen its performance in the future. Leveraging on the technical knowhow, licenses and certifications held by Granulab, as well as the existing network of the major shareholders and experience of the key management, the Group is of the view that this segment will be a significant contributor to the Group's earnings in the long term.

- **Property Development**

Bank Negara Malaysia ("BNM") in its Quarterly Bulletin 2Q 2021 reported that the construction sector registered a strong positive growth of 40.3% (1Q 2021: -10.4%), supported by the continuation of construction works in large infrastructure projects and ongoing implementation of small-scale projects under the 2021 Budget and PEMERKASA and PEMERKASA+ stimulus packages.

The expansion in the construction sector during the 2Q 2021 suggests that this industry managed to regain growth momentum as activity levels trending upwards after the economy reopened from a series of COVID-19 lockdowns.

This industry is expected to record further growth momentum in line with the projected economic recovery under Malaysia's National Recovery Plan ("NRP"). The predicted growth of this industry is expected to be buoyed by domestic investments as major infrastructure and affordable housing projects are revived and accelerated to meet deadlines.

Despite the positive outlook of this industry, KPower remains vigilant in this segment. However, KPower Development Sdn. Bhd. is open to any opportunities that have good returns, manageable risks, and efficient capital outlay.

- **Property Investment**

Due to the location and challenges in managing the asset, the disposal of the Lodge was completed on 9 July 2021. The disposal represents an opportunity for KPower to unlock the value of the property and monetise our non-core investment, providing immediate cash flow that will be channelled towards meeting the general working capital requirements of KPower and its subsidiaries.

The disposal of the property will free up the monitoring resources and expenses to focus on more worthwhile ventures, enabling the Group to focus on its core competencies which mainly cover activities relating to sustainable energy and utilities.

SUSTAINABILITY STATEMENT

For KPower, sustainability is not merely a slogan-it represents the core values instilled in our tagline

"Sustainability Through Diversity"

as part of our corporate culture and business operating environment.

"Sustainability Through Diversity" is not only our motto in the business operating environment, but a true representation of the core value of KPower's corporate culture. KPower is committed to promoting sustainability practices in the Group and has undertaken various efforts in improving our business operations. It is our collective belief that these values form the doctrine of our operations and business strategy.

Through this Sustainability Statement ("the Statement"), the Group provides its stakeholders a better understanding of its strategic approach in creating sustainable long-term value for the Group and its stakeholders. The Statement is made in accordance with the Main Market Listing Requirements and Sustainability Reporting Guide of Bursa Malaysia Securities Berhad.

• SUSTAINABILITY GOVERNANCE

The Group's sustainability strategy is led by the Board of Directors and is delegated, implemented and monitored by the Management.

• SCOPE AND BOUNDARY OF THE SUSTAINABILITY STATEMENT

This Sustainability Statement serves the purpose of reporting on the summary of events for FYE2021, which is from 1 July 2020 to 30 June 2021. Where relevant, it also includes some events that occurred from July 2021 to 21 October 2021.

The Statement covers the principal activities of KPower and all its subsidiaries involved in the business of construction related activities and specialised engineering services relating to sustainable energy and utilities, logistics, property development and investment, as well as healthcare.

KPower has identified key sustainability matters important to the Group based on their relevance to the Group's business operations. During the process of materiality assessment, we identify and rank Economic, Environmental and Social materiality matters which are critical internal and external risk and opportunities that are pertinent to the long-term growth and continual improvement of the Group.

We will continue to enhance the disclosure of our sustainability performance. As KPower acknowledges the importance of the Environmental, Social and Governance ("ESG") impacts on our business strategy, we are currently in the preliminary stage of transitioning our approach to include ESG in the core of our business operations and reporting.

• MATERIALITY

The materiality in relation to the sustainability of KPower's business has been determined from the analysis of the Group's internal documents and internal processes. The Group periodically reviews sustainability related risk as part of its risk assessment to ensure it continues to address its key sustainability concerns.

• FEEDBACK

In line with KPower's continuous effort to raise its performance in sustainability standards, the Group welcomes stakeholders' feedback on any issues. Comments and enquiries related to this Sustainability Statement can be directed to esg@kpower.com.my.

• STAKEHOLDER ENGAGEMENT

The Group acknowledges the need to for continuous dialogue and information sharing with the relevant stakeholders i.e., employees, shareholders/investors, customers, suppliers, media, government and regulators, and community in a timely, effective and transparent manner.

Stakeholder	Key Area of Focus	Engagement Method	Frequency of Engagement
Employees	Health and safety	Training and development	On-going
	Communication and engagement	Formal meeting and discussion	On-going
	Working environment	Employee feedback	On-going
	Career development and training	Appraisal and performance review	Annually
Shareholders / Investors	Business performance review	Quarterly financial reports	Quarterly
	Operation in compliance with applicable laws and regulations	Annual Report	Annually
	Investor engagement	Investor relationship channels	On-going
	Corporate development	Announcement to Bursa Securities	On-going
	Information and communication	Feedback to enquiries	As required
Customers	Product quality and performance	Face–to–face interaction	Annually
	Sustaining long-term relationship	On-site visits at the Group's premises	On-going
	Business development	Direct engagement, exhibitions and roadshows	On-going
Suppliers	Business relationships and continuity	Face–to–face interaction	On-going
	Supplier performance review	Regular meeting and correspondence	On-going
	Product and service quality	Site visits to suppliers' premises, reviews and correspondence	On-going
Media	Timely and accurate information	Press release and direct engagement	As required
Government & Regulators	Regulatory compliance	Site visits, meetings and consistent engagement	As required
	Permits and licenses	Verification/inspection	As required
Community	Social responsibilities	Community engagement programmes	On-going

ECONOMIC

The principles of sustainability are integral in the pursuit of KPower's economic growth. With presence in both local and international markets, the Management is positive about KPower's long-term outlook. The Group acknowledges the need to be innovative and creative in developing its products in keeping with the rapid changes in the global business environment to ensure profitability and sustainability. The Group will continue to capitalise on its various global certifications, permits and licenses with the highest regard to sustainability and quality.

The Group's revenue continued to increase from
RM95.84 million in FYE2020 to RM386.09 million in FYE2021.
Profit after tax rose from
RM12.78 million in FYE2020 to RM38.23 million in FYE2021.

ENVIRONMENTAL

The Group is committed to addressing challenges and opportunities in our surroundings where we conduct our business. This will enable KPower to contribute to environmental value and minimise damage to the environment. The Group is determined to carry out the actions progressively and constantly to accomplish the intended goals:

- to comply with environmental regulatory and legal requirements;
- to reduce consumption of non-renewable and non-recycled materials; and
- to provide a safe and hygienic workplace and ensure our personnel are properly trained with appropriate safety procedures and control actions.

The management team comprises individuals with vast experience in sustainable energy and utilities, construction, properties, and finance. The Group plans to continue to build its reputation and position itself as an environmentally and socially conscious entity.

SOCIAL

The Group's employees are amongst its most valuable assets and are key drivers of the Group's success. The Group welcomes talented employees from diverse backgrounds as we believe that the skill, expertise, and work ethic of the employees are the attributes that will ultimately determine their success within the organisation.

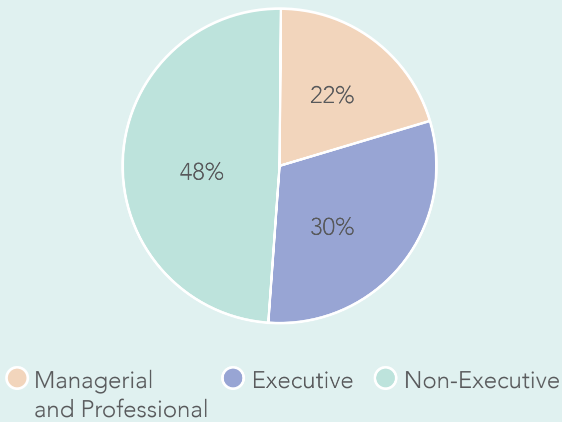
The number of new talents in KPower increased, matching pace with the Company's continued growth. During FYE2021, 57% of the total employees in KPower and its subsidiaries are new recruits, compared to 41% in FYE2020.

Workplace Diversity

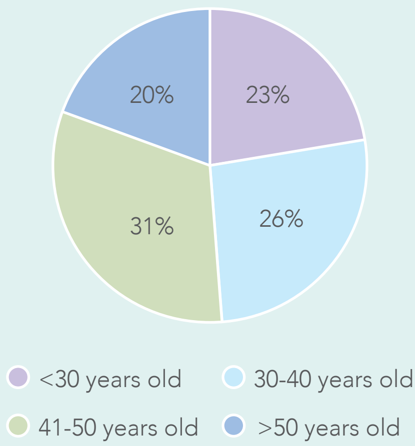
*Note: all figures are based on data as at 21 October 2021

Total Employees in the Group: 215

- Employees by Job Function

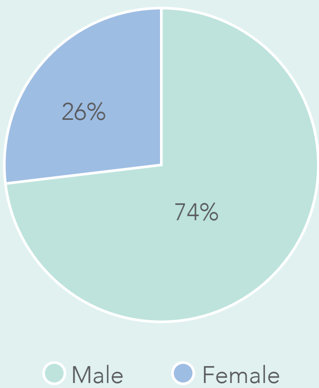


- Age Group Composition

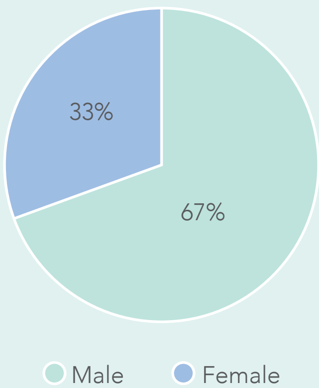


- Gender Composition

KPower Group



KPower BOD



Benefits for Employee

1. Pilgrimage Leave (Hajj Leave)
2. Exam leave
3. Group Takaful Coverage
   (Term Life, Hospitalisation & Surgical)
4. Outpatient care
5. Dental care
6. Vision care
7. Executive health screening

COVID-19 Response

According to the update by the Special Committee on Ensuring Access to COVID-19 Vaccine Supply ("JKJAV") on 21 October 2021, 97.4% of the total adult population in Malaysia have received their first dose whilst 94.3% have completed their COVID-19 vaccinations.

The Group takes the safety and health of all employees into important consideration. Thus, we have put significant emphasis on our staff to ensure that they have received their COVID-19 vaccinations. As of 21 October 2021, 100% of our employees in KPower and its subsidiaries have been fully vaccinated.

Furthermore, the Group has applied the following measures in accordance with the government's order during the period.

Measures	Actions taken
Work from Home Policy	• KPower implemented the Work from Home ("WFH") policy for all office-based staff (KPower and its subsidiaries) during the MCO period. This is to ensure that all staff can work from home while maintaining quality and efficiency within the period. • During the WFH period, every employee must remain contactable at all times by the Company. The staff are not allowed to go on a holiday, or travel to their hometown or anywhere else outside their current residential area, except to the workplace. In the event of violation of the above obligations, action shall be taken against the staff.
Attendance and Working Hours	• The working hours are as per usual, from 9.00 a.m. – 6.00 p.m. All staff are to report their attendance to their respective supervisors every morning.
Productivity Measurements	• Heads of Department are encouraged to conduct daily group meetings online. • Employees shall update their superior on their daily tasks and complete the task assigned by his/her superior on time.
Security and Confidentiality	• All staff shall ensure internet security for linking their laptop/computer to protect business-sensitive documents. • Maintain confidentiality for all process related work-sharing platform. • All documents brought home by the employees must be kept securely and shall not be accessible to others.
Face Mask and Meetings	• As part of the preventive measures, the Group recommends avoiding all face-to-face meetings unless it is urgent. Instead, all meetings are recommended to be conducted via tele-conference or video-conference. • The Group provides free face masks and replenishable hand sanitisers to all staff. • All staff and visitors are required to wear a face mask when attending any face-to-face meetings regardless of whether the meeting is held within or outside the office. • All staff and visitors, if applicable, are required to record their attendance and temperature in addition to the daily check-in with the MySejahtera application.
COVID-19 Tests and Vaccination	• KPower covers the cost of COVID-19 tests done by all employees. • KPower strongly encourages all staff to be vaccinated and offers assistance if the staff has not received any notification of the vaccination appointment.

CORPORATE SOCIAL RESPONSIBILITIES

The Group places great importance on social responsibility and ethical practices to make a difference in the world. We believe that we are a part of the larger community around us and we strive to do our best by taking the extra step in caring for the society, especially the less fortunate. The Group made contributions and participated in several events in 2021 to create a lasting positive impact on the community, summarised as follows:

CONTRIBUTIONS FOR THE COMMUNITY

- **Food Aid Programme 1.0: Kampung Sungai Chiong RPS Air Banun, Temenggor, Perak (7-8 January 2021)**

From 7 to 8 January 2021, KPower, in collaboration with Kangsar Hidro Sdn. Bhd., contributed to the community in Kampung Sungai Chiong RPS Air Banun, Temenggor, Perak, by donating food necessities along with used clothes, books, children's toys and household items.

- **Drive for Humanity Sabah 2.0: Kota Marudu, Sabah (28 June 2021)**

Following our previous CSR programme; Ride for Humanity Sabah, we further enhanced the programme, launching Drive for Humanity 2.0 in Kota Marudu, Sabah which focused on increasing awareness of COVID-19, the National COVID-19 Immunisation Programme ("PICK") and the importance of maintaining good hygiene.

On 28 June 2021, during the nationwide MCO 3.0 lockdown, KPower carried out Drive for Humanity Sabah 2.0 in Kota Marudu, Sabah. The programme was conducted with the Ministry of Health's Outreach PICK programme and Sabah State Disaster Management Committee. Other than the vaccination and COVID-19 awareness programme, KPower also donated and distributed food and hygiene packs to approximately 100 families.

- **Food Aid Programme 2.0: Kampung Orang Asli Ulu Kampar, Perak (23 July 2021)**

On 23 July 2021, KPower donated food supplies to the 92 families in Kampung Orang Asli Ulu Kampar, Perak, to ease the burden of the local community during the period of total nationwide lockdown.

- **Drive for Humanity Sabah 3.0: Ranau and Tambunan, Sabah (30 and 31 July 2021)**

On 30 and 31 July 2021, KPower continued the Drive for Humanity Sabah programme in Ranau and Tambunan. KPower donated 100 packs of food supplies to the individuals who received their COVID-19 vaccines at the vaccination centres.

- **Food Aid Programme 3.0: Yan, Kedah (27 August 2021)**

On 27 August 2021, KPower donated approximately 120 sets of food packs, which included rice, cooking oil, sugar, salt, instant noodles, biscuits, flour, sardines, condensed milk, vermicelli, coffee mix and tea to the affected villagers following the flash floods in Yan, Kedah.

EMPLOYEE ENGAGEMENT PROGRAMMES

- **10km Virtual Run (18-30 June 2021)**

KPower's Sports Club organised a two-week 10km Virtual Run during the MCO period to keep employees fit - mentally, physically and emotionally - while staying at home.

- **Football friendly match (4 July 2021)**

On 4 July 2021, KPower's Sports Club held a football friendly match among employees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of the Company is fully committed to upholding high standards of corporate governance throughout the Group's operations with the ultimate objective of safeguarding the interests of all stakeholders and enhancing shareholders' value.

This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad except where stated otherwise.

Details of the Group's application of each practice set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at www.kpower.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Practice 1.1 – Board Duties and Responsibilities

The Board is responsible and accountable to the Company's shareholders and various stakeholders in order to achieve sustainability and long-term success through its effective leadership and management of the Company's business. Hence, the Board is responsible for the long-term performance of the Group, overseeing the Group's strategy and monitoring its operation.

The Board's principal function is to address all significant matters as it is accountable under the applicable laws and regulations for the Group's activities, strategies, financial position and performance. The Board delegates certain functions to the Board Committees, Group Managing Director and the Management, for implementing the Group's strategic direction and for managing its day-to-day operations. The Board has delegated specific responsibilities to the committees to assist the Board in corporate governance and operation of the Group.

The functions and the Terms of Reference of the committees have been defined by the Board in the Terms of Reference of the respective committees. The Key Matters reserved for the Board's approval are specified in the Board Charter.

The Board adheres to the Code of Conduct and Ethics for Directors which highlights the criteria that directors should observe in the performance of their duties. The following are the roles and responsibilities of the Board in discharging its fiduciary functions:

- Leads, controls, provides strategic direction and the overall responsibility for corporate governance.
- Formulates key policies, overseeing investments and businesses for the Group.
- Ensures that the Company has appropriate corporate disclosure policies and procedures.
- Establishes succession planning and ensures that all candidates appointed to Senior Management are of sufficient calibre.
- Identifies principal risks and ensures the implementation of appropriate internal controls.

Practice 1.2 – Chairman

The Chairman of the Board is a Non-Independent Non-Executive Chairman. The Chairman is capable of leading the Board based on his leadership skill, education level and extensive working experience. As the Chairman plays an important role in the Board, the Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Company, and at the same time be guided by the independent advice and views from the Independent Directors, who offer the necessary checks and balances in the decision-making process of the Board.

The Chairman is responsible for promoting and overseeing the standards of Corporate Governance with the Board and the Company.

The Chairman ensures that the Board members receive accurate, timely and clear information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.

The Chairman takes a leading role in determining the composition and structure of the Board. This will involve regular reviews of the overall size of the board, the balance between executive and non-executive directors and the balance of age, experience and qualification of the directors.

The Chairman, whose primary role is to preside over board meetings, has the significant role of ensuring that all directors' views are heard, to ensure sufficient time for discussion of each agenda, as well as to provide a fair opportunity to all directors to participate actively and constructively during the meetings.

Practice 1.3 – Separation of the roles of Chairman and Group Managing Director

The roles of Chairman and Group Managing Director ("GMD") are exercised by different individuals. A clear segregation of their responsibilities and powers are stated and defined in the Company's Board Charter. It is made available for reference on the Company's website.

The Chairman is responsible for managing the conduct of the Board and ensuring its effectiveness including all directors to receive sufficient relevant information on all financial, business, operations and corporate matters to enable each of them to participate actively and effectively in Board Decisions. The GMD is responsible for efficient and effective management of the business operations and strategic direction of the Company.

Practice 1.4 – Company Secretaries

The Board is supported by two outsourced Company Secretaries and both of them are qualified and competent Company Secretaries under the Companies Act 2016 who are responsible for advising and regularly updating the Board on good governance, policies and procedures and corporate compliance from time to time.

The Company Secretaries also ensure that the Board is kept well informed on any regulatory requirements and updates on the developments in the areas of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company.

The Company Secretaries advise and circulate relevant guidelines on new and amended statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates at Board meetings. The Company Secretaries ensure that the Company and its Directors operate within the law.

The Company Secretaries also attend all Board and Board Committee meetings and ensure that the meetings are properly convened and the discussions on key issues and decisions thereon are properly recorded. The Company Secretaries are directly accountable to the Board on all matters in relation to the proper functioning of the Board, maintenance of the statutory and corporate documents of the Board, facilitating the Board's communication and monitoring the implementation of the Board's decisions, where appropriate.

All Directors have full and unrestricted access to the advice and services of the Company Secretaries.

Practice 1.5 – Information and support for Directors

The Board of Directors' Meeting is held on a quarterly basis to deliberate and approve the quarterly results and at other times as required. There were seven (7) Board meetings held during the financial year ended 30 June 2021.

Board meeting is a platform for exchange of views, with Directors bringing their experience and independent judgement to discuss the issues at hand. During these meetings, the Board discusses, amongst other matters, the Company's financial position, company policies, risks management, as well as management's performance based on the corporate targets and budget.

Each Board member is supplied in advance with an agenda, which include minutes of previous meetings, financial reports and other reports relevant to the meeting, to allow sufficient time for the directors to review and to deliberate at the Board meetings and to facilitate informed decision making by the directors. All meeting materials are reviewed by the Management to ensure the accuracy and completeness of the information contained before presented to the Board.

Management representatives are also present to provide additional insight on matters to be discussed during the Board meetings.

In between Board meetings, matters requiring Board's approval were sanctioned by way of written resolutions where relevant information on the subject matter was enclosed.

All the Directors have the right of access to all relevant Company information, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman. To enable them to effectively exercise their duties and responsibilities, Board meetings regularly included sessions on recent key developments in governance and other corporate matters affecting the Company's business.

The number of meetings attended by each Director during the financial year are set out as follows:

Name of Directors	Number of Meetings Attended
Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah (Chairman)	7/7
Mustakim bin Mat Nun	7/7
Sarah Azreen binti Abdul Samat	7/7
Dato' Arivalagan A/L Arujunan	7/7
Kok Pauline	7/7
Tan Yee Hou	7/7

Practice 2.1 – Board Charter

The Board Charter sets out the roles and responsibilities, composition and processes of the Board. It provides an overview of how the Board leads and provides direction to the Management of the Company. It also sets out the delegations of authority by the Board to various Committees to ensure the Board members in performing their responsibilities on behalf of the Company would act in the best interest of all shareholders. In addition, this Board Charter also outlines the core principles of Corporate Governance to which the Company subscribes.

The Board has established five (5) Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Investment Committee, that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities.

Each committee is governed by its own Terms of Reference which sets out its functions and duties, compositions, rights and meetings procedures. The Board Charter is reviewed and revised periodically to meet changing business, operational and regulatory requirements.

Practice 3.1 – Code of Conduct and Ethics

The Company has adopted the Code of Conduct and Ethics ("Code") to provide guidance to every member of the Company's Board of Directors. Each Director is responsible for reading and understanding this Code, and using it as a guide in the performance of his or her responsibilities as a Director.

The Board is committed to establish a corporate culture that promotes ethical conduct throughout the Company and ensures that its business is conducted with integrity, transparency and fairness. In discharging its fiduciary duties, the Board must at all times act in good faith and in the best interests of the Company and at the same time ensure that its obligation to shareholders and stakeholders are met. All of its Directors help foster a sense of commitment to this Code among all Directors, and to foster a culture of fairness, honesty and accountability within the Company.

The Board and all employees are guided by the Company's core values and policies, as well as relevant regulatory requirements and standards which regulate appropriate conduct and ethics within the Company. The Company has established the following policies and procedures to provide direction and guidance to all Directors, Senior Management, employees and external parties in discharging their duties and responsibilities in the best interest of the Company:

a) Code of Conduct and Ethics;
b) Whistle-blowing Policy; and
c) Anti-Bribery and Anti-Corruption Policy.

Practice 3.2 - Whistleblowing Policy

The Board is committed to the highest standards of integrity, openness and accountability in the conduct of its businesses and operations. The Board has established the Whistleblowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption.

A whistleblower is not responsible for investigating the activity or for determining fault or corrective measures. Appointed management officials are charged with these responsibilities. This policy is to provide an avenue for all employees of the Group and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

The whistleblower will be accorded with protection of confidentiality of identity to the extent reasonably practicable. In addition, an employee who raises any issues internally will also be protected against any adverse and detrimental actions for disclosing any improper conduct committees or about to be committed with the Group, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken as to the facts and the rules and procedures involved.

It outlines the procedures for reporting a genuine concern on any breach of conduct that is taking place, has taken place or may take place in the future. The Group treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith. The Whistleblowing Policy is reviewed as and when deemed necessary and is available on the Company's website.

Practices 4.1, 4.2 and Step Up 4.3 – Independent Directors

The Board recognises the importance of having a diverse Board in terms of age, qualification and gender to provide the necessary range of perspectives, experience and expertise in bringing value to the Group.

During the Financial Year Ended 30 June 2021, the Board has six (6) Directors comprising four (4) Non-Independent and Non-Executive Directors, including the Chairman, Deputy Chairman and Group Managing Director ("GMD"), and two (2) Independent and Non-Executive Directors.

Consequently, the constitution of the Independent Directors of the Company is less than half (50%) and does not meet with the MCCG Practice 4.1 requirement. The Board and the Nomination Committee are aware of such a departure from the MCCG Practice 4.1 and are identifying the right candidates.

There is a balance of power and authority in the Board as the GMD is responsible for making the day-to-day business and operational decisions and implementation of Board policies while the Independent and Non-Executive Directors ensure that the Board practices good governance in discharging its duties. There is a clear division of duties and responsibilities between them in order to maintain a balance of control, power and authority within the Board. As the views of the Independent Directors are crucial, the Board constantly discussed and deliberated all matters thoroughly before making any decisions.

The Independent and Non-Executive Directors have a crucial role in ensuring that the Board is an effective Board and through which good corporate governance can be promoted throughout the entire Company. They expect to provide a balanced and independent view. It calls for persons of calibre, integrity, with requisite business acumen and the credibility, skills and experience to bring independent judgement on issues of strategy, performance and resources, including key appointments and standards of conduct. Independent Directors must be given free access to the records and information of the Company as well as independent legal advice and the services of the Company Secretary if they find this to be necessary to fulfil their duties. The Board reviews and assesses the independence of Directors annually based on the criteria set by the Nomination Committee. One of the assessment criteria is the ability of the individual Director to exercise objectivity in the discharge of his or her responsibilities in the interest of the Company.

The Board is of the view that all the Independent Directors remain independent.

The Board is of the view that throughout their tenure, the Independent Directors have demonstrated independence in character and judgement, and have always looked out for the best interest of the Company. The Independent Directors have provided independent views based on their experience and knowledge that allow for diverse and objective perspectives on the Group's business and direction.

In line with the recommendation of the Code, the tenure of an Independent Director of the Company shall not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to redesignation of the Independent Director as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' appropriate approval will be sought.

As at the date of this Annual Report, none of the Independent Directors of the Company served beyond nine (9) years.

Practices 4.4 and 4.6 – Diversity of Board of Directors and Senior Management

The Board reviews from time to time the composition of the Board and considers new appointment when the need arises. The Nomination Committee is responsible for assessing and making recommendations to the Board of Directors based on the recruitment criteria established by the Board.

The Nomination Committee has the responsibility of ensuring that the composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry. In considering potential candidates for appointment, the Nomination Committee undertakes a thorough review of the candidate's criteria, amongst others; qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.

Seminars and conferences organised by Bursa Malaysia, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board has identified training needs amongst the Directors and enrolled themselves for the training programmes as and when required. Directors may also request to attend additional training to keep abreast of their individual requirements.

All directors are also provided with updates from time to time by the Company Secretary on matters relating to Directors' duties and responsibilities, as well as on relevant regulations such as the Companies Act 2016 and Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company Secretary ensures all appointments are properly made and all necessary information required by the new Directors for the proper discharge of their duties is obtained.

When considering nomination or re-election of Directors, the Nomination Committee also takes into account the Director's ability to devote sufficient time and attention to properly fulfil his/her responsibilities. Besides attending all meetings of the Board and Board Committees on which he or she serves, each member is expected to be present in all shareholders' meetings, major Company events and to participate in continuous training programmes. The proposed date for Annual General Meeting ("AGM") is also notified to all Board members in advance, to enable all Directors to be present at the AGM and engage with the shareholders.

The Board through the Nomination Committee is responsible for the identification and development of the key Senior Management as well as reviewing the succession planning for the GMD, Executive Directors and other key executive officers from time to time. The Board through the Nomination Committee shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who may be suitable or through organisations that may be able to assist in the recruitment process.

In selecting the appropriate candidates, the Nomination Committee takes into account the candidate's qualification, experience, competency and character.

Practice 4.5 – Gender Diversity

The Board through the Nomination Committee will consider appropriate candidates for appointment as Board members in terms of gender, ethnicity and age and will require measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board acknowledges the importance of gender diversity as an important element of a well-functioning Board. The number of women directors in the composition of the Board remains at 33% during the current financial year.

The Board is satisfied that the current Board composition fairly reflects a good mix of knowledge, skills and experience. Through its Nomination Committee, the Board will continue to review its structure and composition in order to ensure boardroom diversity and balance of power and authority, which are fundamental to an effective Board.

Practice 4.7 – Nomination Committee

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to appointment of new Directors, board composition, training programmes and performance evaluation on effectiveness of the Board, Board Committees and individual directors.

Full details of the functions and duties of the Nomination Committee are stated in its Terms of Reference which is incorporated in the Board Charter, available on the Company's website at www.kpower.com.my.

The Nomination Committee comprises two (2) Independent Non-Executive Directors and chaired by a Non-Independent Non-Executive Director. The Board and the Nomination Committee are aware of such a departure from the MCCG Practice 4.7. The Nomination Committee discussed and deliberated all matters thoroughly, any decision by the Nomination Committee will be based on the majority basis.

Practice 5.1 – Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee performs annual assessments and evaluation to evaluate the performance of the Board, Board Committees and Individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire on the Directors' performance evaluation which covers matters relevant to the Board's performance, amongst others, contribution to interaction, quality of input, understanding of role and personal development. Evaluation of each Board Committee is done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as the Committee's performance against its Terms of Reference.

The Company Secretary compiled the completed assessment forms from the respective Directors and tabled the results to the Nomination Committee for deliberation before making a recommendation to the Board.

Based on the assessment carried out, the Nomination Committee has concluded the following:

a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
c) The Directors have discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
d) The Board and Board Committees have contributed positively to the Company and its subsidiaries and were operating in an effective manner.
e) The Chairman has steered the leadership as well as contributed to the Board.
f) The performances of the Board Committees were found to be effective.

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industries and changes to the regulatory environment. The assessment on individuals provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains relevant.

Particulars of the seminars and courses attended by the Directors during the financial year are as follows:

Name of Directors	Date	Seminar/Training Course Title
Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah	27 March 2021	SME Bank Leaders Conference: Navigating Turbulence Post COVID-19 Pandemic
	30 March 2021	Energy Industries Council (EIC): Moving The Needle Towards Net-Zero Carbon Emission within the ASEAN Region
Mustakim bin Mat Nun	24 May 2021	SIDC 2021: Ethics and Integrity, Professionalism and Corporate Dilemma
Sarah Azreen binti Abdul Samat	18 November 2020	BFF 2020: Evolutionary Change to Revolutionary Impact
	19 to 23 October 2020	IGEM 2020 Virtual
Dato' Arivalagan A/L Arujunan	30 October to 1 November 2020	Kursus Kepimpinan Mampan Mengukuh Integrasi Nasional (Kementerian Perpaduan Negara)
	25 May 2021	SSM Webinar: Companies Limited By Guarantee Under The Companies Act 2016
Kok Pauline	17 July 2020	MIA Webinar Series: Auditor's Reports and Auditor's Duty of Care to Third Parties
	24 February 2021	Case Study-Based MFRS Webinar: Emerging MFRS/MPERS Considerations of the COVID-19 Pandemic
Tan Yee Hou	24 February 2021	Case Study-Based MFRS Webinar: Emerging MFRS/MPERS Considerations of the COVID-19 Pandemic

Practice 6.1 – Remuneration Policy

The Board takes note of the need to establish a fair and transparent Remuneration Policy with the objective of guiding the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key Senior Management. On a yearly basis the Remuneration Committee reviews and recommends to the Board, the remuneration packages of the Executive Directors and Key Executives of the Company, while the remuneration for the Non-Executive Directors was determined by the Board as a whole, with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and Senior Management team. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors abstain from participation in deliberations and decisions regarding their individual remuneration.

The Board recognises that a comprehensive and fair remuneration package should be in place to retain and attract the Executive and Non-Executive Directors as well as the Key Executives of the Company. With that view, the RC is still formalising a comprehensive policy to govern the framework for remuneration packages for the Executive Directors, and Key Executives of the Company.

Practice 6.2 – Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel.

Full details of the functions and duties of the Remuneration Committee are stated in its Terms of Reference, which is incorporated in the Board Charter, available on the Company's website at www.kpower.com.my.

The responsibilities of the Remuneration Committee are as follows:

a) Review and assess the performance and the remuneration packages of the Executive Directors and key Senior Management;
b) Review and assess the Directors' fees and benefits payable to the Directors;
c) Review and update its Terms of Reference;
d) Review the Board Remuneration Policy; and
e) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and Senior Management.

As at 30 June 2021, the Remuneration Committee comprises two (2) Independent Non-Executive Directors and chaired by a Non-Independent Non-Executive Director. A total of two (2) meetings were held during the financial year. The attendance record of each member during the financial year are as follows:

Name of Directors	Number of Meetings Attended
Sarah Azreen binti Abdul Samat (Chairperson)	2/2
Kok Pauline	2/2
Tan Yee Hou	2/2

Practice 7.1 – Remuneration of Directors

Details of the Directors' remuneration of each Director during the financial year ended 30 June 2021 are as follows:

Name of Directors	Directors' Fees and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah	165.00	-	-	-	165.00
Mustakim bin Mat Nun	132.75	-	-	-	132.75
Sarah Azreen binti Abdul Samat	100.50	-	-	-	100.50
Dato' Arivalagan A/L Arujunan	64.50	-	-	-	64.50
Kok Pauline	64.50	-	-	-	64.50
Tan Yee Hou	64.50	-	-	-	64.50

Practice 7.2 – Remuneration of Senior Management

The remuneration of the Senior Management is set out as follows:

Remuneration Range	Number of Senior Management
Below RM100,000*	1
RM100,000 to RM200,000	2
RM200,001 to RM300,000	4
RM300,001 to RM400,000	2

**Note: Appointment of a new member of the Senior Management in April 2021.*

The details of the Senior Management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talent. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to the Senior Management's remuneration are appropriately served by disclosure in RM50,000 bands.

Practices 8.1, 8.4 and 8.5 – Audit Committee

The Chairperson of the Audit Committee is not the Chairman of the Board. In addition, the Audit Committee is chaired by an Independent Non-Executive Director, with one (1) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director as the members of the Committee.

The Audit Committee's Report is set out separately in this Annual Report.

Full details of the functions and duties of the Audit Committee are stated in its Terms of Reference, which is incorporated in the Board Charter, available on the Company's website at www.kpower.com.my.

Practice 8.3 – Oversight of External Auditors

The Group engaged the External Auditors to perform non-audit services including review of the Statement of Risk Management and Internal Control. The Board, through its Audit Committee maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the Audit Committee for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The Audit Committee ensures that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit Committee assesses the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

The Audit Committee had on 15 September 2021, reviewed the suitability and independence of the External Auditors i.e. Messrs. Al Jafree Salihin Kuzaimi PLT ("ASK") and is satisfied with their independence and performance. Thus, the Audit Committee has recommended to the Board to table the re-appointment of ASK as External Auditors for the following financial years at the forthcoming 24th AGM for shareholders' approval.

In the course of their audit the External Auditors highlighted to the Audit Committee matters pertaining to the financial reporting. There were two (2) private sessions held between the External Auditors and the Audit Committee during the financial year without the presence of the other Directors and key management to discuss any issues that may require the attention of the Audit Committee.

Practices 9.1 and 9.2 – Board Responsibility on Risk Management and Internal Control

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with these risks and opportunities. The Group's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. The Statement on Risk Management and Internal Control made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia is separately set out in the Annual Report.

The Board recognises risk management as an integral element of business and operations. The objective of the Group's ongoing risk assessment process is to ensure that key areas are managed within an acceptable risk profile or tolerance level in order to increase the prospects of achieving business objectives. The Group's overall risk appetite is based on assessment of the Group's existing risk management capabilities and capacity.

The Board acknowledges its overall responsibility of maintaining effective governance, risk management and compliance framework. Supported by the Management and internal audit function, the Board ensures the adequacy and effectiveness of the Group's risk management and internal control practices. The Board is responsible for ensuring that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Group.

The Risk Management Committee assists the Board to oversee and review the effectiveness of the Group's risk management and internal control systems. To facilitate effective monitoring, the Board regularly receives reports from the Management on any business risks related to its business activities that have impacted or likely to impact the Group from achieving its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Group's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

Practices 10.1 and 10.2 – Internal Audit Function

The Company's internal audit function is outsourced to an independent professional firm, namely Tricor Axcelasia Sdn. Bhd. ("Axcelasia") which reports functionally directly to the AC. The Internal Auditors provide an independent evaluation on the effectiveness of the risk management, control and governance processes in the Group. In addition, the Internal Auditors carry out a follow-up review on the issues raised in the previous Internal Audit report and ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

The Board, through the AC conducts annual review on the effectiveness of the internal audit function including assessing the quality of audit review and ensuring that the Internal Auditors have sufficient knowledge and experience to perform their role effectively.

The scope of work covered by the Internal Audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report of this Annual Report.

Practice 11.1 – Communication with Stakeholders

The Group is committed to ensure that timely, accurate and complete information about the Group is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promoting investor confidence.

The Board is ultimately responsible for ensuring the Group's disclosure requirements are fulfilled and overseeing the implementation of the Group's communication policy. The Group strives to promote a better understanding of the Group through investor relations activities. Apart from general meetings, the Group has in place the following initiatives to facilitate effective communication with its shareholders:

- The Annual Report, which contains information such as Management Discussion and Analysis on financial statements and information on the Audit Committee, Corporate Governance, Sustainability and Risk Management and Internal Control;
- Various announcements made to Bursa Malaysia, which include timely release of financial results on a quarterly basis. Concurrent with these releases, the Group posts all announcements on its website;
- Attending to shareholders' and investors' emails and phone enquiries;
- The Group's website at www.kpower.com.my under the Investor Relations section, which contains Bursa announcements, annual reports, quarterly report announcements and other corporate information of KPower Berhad (formerly known as Kumpulan Powernet Berhad); and
- Timely release of quarterly results announcements and full year financial reports reflects the Board's accountability to its shareholders.

Practice 12.1 – Notice of General Meeting

General meeting is an important platform for the shareholders to exercise their rights in the Group, either in the Annual General Meeting or Extraordinary General Meeting.

The Notice of General Meetings and/or Circular(s) to Shareholders will be dispatched to shareholders within the prescribed notice period prior to the scheduled general meetings in order to provide sufficient time to the shareholders to make the necessary arrangements to attend and participate either in person, corporate representative or by proxy. The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess market expectations. More importantly, it provides an avenue for the shareholders to make enquiries on the resolutions being proposed and to seek clarification on the business and performance of the Group. Shareholders are invited to the general meetings through a notice of meeting that specifies the venue, day and hour of the meeting, as well as the business of the meeting.

The Company dispatched the notice of its 23rd AGM to the shareholders at least 28 days before the AGM as per the MCCG Practice 4.1 requirement.

Practice 12.2 – Attendance of Directors at General Meetings

KPower's AGM is an important means of communicating with its shareholders. It enables the shareholders to interact directly with the Board and gain insights on the Company's business and financial position. It serves as a platform for shareholders to have full understanding of the Group.

During the AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group.

The Chairperson plays a vital role in fostering constructive dialogue between the Board and the shareholders. All members of the Board and the respective Chairman of the Board Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Group's External Auditors also attended the AGM and are available to answer questions from the shareholders pertaining to the audit matters and the auditor's report.

Practice 12.3 – Voting and Remote Shareholders' Participation at General Meetings

KPower's 23rd AGM was conducted entirely through live streaming from the broadcast venue at Tricor Investor & Issuing House Services Sdn. Bhd. on 9 December 2020. The Extraordinary General Meeting ("EGM") held on 28 December 2020 was also fully conducted through live streaming from the broadcast venue at Tricor Investor & Issuing House Services Sdn. Bhd..

Shareholders attended, posted their questions to the Board via real time submission of typed texts, and voted remotely for the EGM via the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.

The Group conducted poll voting on each resolution tabled during the general meetings to support shareholders' participation. The e-voting system provides an efficient and accurate outcome of the results. The outcome of the meeting was announced to Bursa Malaysia on the same day, which was also accessible on the Group's website.

AUDIT COMMITTEE REPORT

A. COMPOSITION AND ATTENDANCE

The Audit Committee which comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director is in compliance with Paragraph 15.09(1)(a) and (b) of the MMLR of Bursa Securities which states that the Audit Committee must be composed of no fewer than 3 members; and that all the Audit Committee members must be non-executive directors, with a majority of them being independent directors.

The Chairperson of the Audit Committee, Ms Kok Pauline, is not the Chairman of the Board. She is a member of the Malaysian Institute of Accountants and a fellow of the Association of Chartered Certified Accountants (ACCA/FCCA).

There were six (6) meetings held during the financial year ended 30 June 2021. The Audit Committee members and details of attendance of each member at the Audit Committee meetings held during the financial year ended 30 June 2021 are as follows:-

Name of Directors	Designation	Directorate	Number of Meetings Attended
Kok Pauline	Chairperson	Independent Non-Executive Director	6/6
Tan Yee Hou	Member	Independent Non-Executive Director	6/6
Sarah Azreen binti Abdul Samat	Member	Non-Independent Non-Executive Director	6/6

During the financial year, the Audit Committee meetings were duly convened with due notices given to all Audit Committee members together with the agenda, report and proposals for deliberation at the meetings. The Group Chief Financial Officer was invited to all the Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the Audit Committee at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for the financial year ended 30 June 2021.

In the Audit Committee meetings, the External Auditors were given opportunities to raise any matters and gave unrestricted access to the Audit Committee to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the Audit Committee meetings were tabled for confirmation at the following Audit Committee meeting and subsequently presented to the Board for notation.

B. ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee's activities during the financial year under review comprised the following:

Overseeing Financial Reporting

- Reviewed the unaudited quarterly consolidated financial results prior to recommending them to the Board for their consideration and approval to release the quarterly results to Bursa Malaysia Securities Berhad. The reviews include detailed discussions with the Deputy Chairman and Group Managing Director, Group Chief Financial Officer and senior finance personnel to ensure compliance with the provisions of the Companies Act 2016 and the applicable approved accounting standards as issued by Malaysian Accounting Standards Board.
- Reviewed the annual audited consolidated financial statements of the Company and its subsidiaries which include detailed discussions with the Deputy Chairman and Group Managing Director, Group Chief Financial Officer, senior finance personnel and external auditors which covers the financial position and performance for the financial year and ensure that it complied with all disclosures and regulatory requirements before recommending the same for approval by the Board.

Reviewed Statements for inclusion in Annual Report

- Reviewed the Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the MMLR of Bursa Securities and recommended the same to the Board for inclusion in the Annual Report.

Reviewed Recurrent Related Party Transactions Monitoring of the Group

- Reviewed the recurring related party transactions ("RRPT") and conflict of interest situations that may arise within the Company and ensure the Company's compliance with the Listing Requirements.

Private Session with the External Auditors

- Conducted two private sessions with the External Auditors without the presence of Executive Directors and Management. This review process ensures that critical issues, if any, are being objectively brought up to the attention of the AC.

C. EXTERNAL AUDITORS

The Group has appointed a team of outsourced External Auditors, Messrs Al Jafree Salihin Kuzaimi PLT. with their scope of work are as follows:

- Identify and assess the risks or material misstatement of the financial statements of the Group and of the Company, where due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

During the financial year ended 30 June 2021, the total cost incurred (audit and non-audit fees) on the external audit function amounted to approximately RM125,000.

D. INTERNAL AUDIT FUNCTION

The Company's internal audit function is outsourced to an independent professional firm, namely, Tricor Axcelasia Sdn. Bhd. ("Axcelasia") which reports functionally directly to the Audit Committee. The internal audit function has confirmed that the internal audit staff assigned to KPower are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The number of staff deployed for the internal audit reviews is ranging from 3 to 4 staff per visit including the outsourced internal audit leader. The staff who are involved in the internal audit reviews, possess professional qualifications and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia ("IIA"). The outsourced internal audit function is led by En. Noradlan Abdul Latif who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Member of the IIA and the Malaysian Institute of Accountants. He has a Certification in Control Self – Assessment (United States) and a bachelor's degree in Accounting from University Utara Malaysia.

The internal auditor regularly reviews and appraises the effectiveness of the governance, risk management and internal control processes within the Company's key operations. Summary of works of the Internal Audit function during the financial year are as follows:

- Prepare a risk-based internal audit strategy document;
- Conducted a risk-based internal audit based on the internal audit strategy document as approved by the Audit Committee; and
- Conducted follow-up assessment on implementation status of prior internal audit recommendations.

The internal auditor produced the following Deliverables during the financial year:

- A one-year internal audit strategy document;
- Internal audit report; and
- Internal audit follow-up report.

The outsourced internal audit consultants carry out audit assignments in accordance with the approved internal audit plan. The final audit report containing audit findings and recommendations together with management's responses thereto will be presented to the Audit Committee and forwarded to the management member concerned for attention and necessary action. The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (IPPF) issued by the IIA.

During the financial year ended 30 June 2021, the total cost incurred on the internal audit function amounted to RM41,500.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of KPower is pleased to present this Statement on Risk Management and Internal Control ("Statement") which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance. This Statement outlines the nature and scope of risk management and internal control of the Group during the financial year ended 30 June 2021.

A. RESPONSIBILITY OF THE BOARD

The Board of KPower is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board affirms that there is an established and an ongoing process to identify, assess and monitor key risks applicable to the Group's business activities. The Board, through the Risk Management Committee ("RMC") has been involved in articulating, implementing and reviewing the Group's risk management and internal control.

The Board is also ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard shareholders' investments and the Group's assets.

The Board recognises that the Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that it can only provide reasonable and not absolute assurance against misstatement, fraud or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

B. CONTROL ENVIRONMENT

Organisation Structure

The Board of Directors and Senior Management consistently endeavour to maintain an adequate system of internal controls designed to manage risks rather than eliminate them.

The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes in the Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Group controls its businesses, the state of internal control and its activities. The internal control processes are reviewed and updated from time to time. This is to ensure that they are relevant and effective to respond to market changes.

Internal Audit

The Board acknowledges the importance of internal audit function and has engaged the services of Axcelasia whose principal responsibility is to assist the Audit Committee in providing independent assessments on the adequacy, efficiency and effectiveness of internal control systems and ensuring the Group's operation compliance with standard operating procedures within the Group.

Axcelasia undertakes regular and systematic review of the risk identification procedures and control processes implemented by the Management and conducts audits that encompass reviewing critical areas that the Group faces, providing the Audit Committee and the Board with sufficient independent assurance that the system of internal control is effective in identifying and addressing potential risks.

The Internal Audit team continues to independently, objectively and regularly review key processes, check compliance with policies/procedures, evaluate the adequacy and effectiveness of internal control, risk management and governance measures in respect of any non-compliance. The annual audit plan, established primarily on a risk-based approach, is being reviewed and approved by the Audit Committee annually. The Audit Committee oversees the Internal Audit team's functions, its independence, scope of work and resources.

The Internal Audit team also periodically reported on the activities performed and key strategic and control issues observed to the Audit Committee in order to preserve its independence. The Audit Committee reviewed and approved the Internal Audit's annual budget, audit plan and human resource requirements to ensure the function maintained an adequate number of internal auditors.

For the financial year ended 30 June 2021, the Internal Audit team has carried out their review according to the approved internal audit plan. The review covered the assessment on the adequacy and effectiveness of the Group's risk management and internal control system. Upon completion, the internal audit observations, recommendations and management comments were reported to the Audit Committee. The Audit Committee reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

In the financial year ended 30 June 2021, reviews were carried out in various areas. All reports from the internal audit reviews carried out were submitted and presented to the Audit Committee with the feedback and corrective actions to be undertaken by the Management.

Risk Management

The Board recognises its responsibilities over the governance of risks and has set in place management procedures for ensuring a sound system of risk management and internal controls by embedding a structured Risk Management Plan ("RMP"). The RMP shall act as a guiding manual and reference for the Management in implementing the process of identifying, evaluating and managing significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks.

The Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholder value. The risk profile of the Group is established during risk mapping and assessment sessions. The risk responses and internal controls that the Management has taken and/or is taking are documented in the risk templates.

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Risk Management Committee and Audit Committee. The Risk Management Committee and Audit Committee, supported by the Internal Audit team, provides an independent assessment of the effectiveness of the Group's RMP framework and reports to the Board. The Group's RMP is consistent with the RMP framework and involves systematically identifying, analysing, risk response planning, monitoring and control and risk management closeout. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment.

All identified risks are displayed on a risk matrix based on their risks ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a proactive risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles.

Risk Management functions are overseen by the Group Chief Financial Officer and Head of Risk Management who work closely with the Group's operational managers to continuously strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

Risk Management Policies and practices form part of KPower's overall strategies to chart positive growth in today's rapidly evolving business environment. The Board continues to ensure that risk management is effectively institutionalised and its risk maturity level is elevated. This is achieved via a multitude of RMP initiatives clustered into key strategic areas, as part of the Group's efforts to ensure smooth RMP practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice, harmonises its risks and risk appetites at the operational level wherever possible.

Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts at the expense of the Group, if any.

Our Group has relevant operating policies and procedures which comply with relevant laws and regulations. These policies and procedures ensure that processes adequately mitigate risks with appropriate internal controls. Reviews are conducted to ensure that risk policies and procedures are updated to align with new risk management action plans to address emerging risks and identified control gaps. Standard operating procedures which include ISO Quality Management System of PISB and KPower Engineering Sdn. Bhd. ("KPEng") and Integrated Management System Procedure of KPEng are consistently pursued by the Group.

Internal control procedures set include the publication of the Employees Handbook, which highlights policies on health and safety, staff performance and serious misconduct. These procedures are relevant at the Group level to provide for continuous assurance to be given at increasingly higher levels of management and finally to the Board.

Systems, Data and Information Security

The IT department is responsible for continuously monitoring and resolving both internal and external security threats to our Group. This includes conducting security awareness initiatives, review on our Group's IT networks and systems and vulnerability assessments to mitigate the impact of security attacks, negligence and malware. The IT policies are continuously updated to proactively manage current and potential security threats to our Group's data and content arising from physical and logical access.

Monitoring Activities

In the year under review, our Audit Committee has reviewed the process and compliance, exceptions identified by external auditors and internal auditors on a periodic basis. The implementation of the recommendations is tracked and reported to the Audit Committee on a periodic basis to provide assurance on the effectiveness of risk management and internal controls.

Management has taken the necessary actions to remediate weaknesses identified for the year under review. Our Board and senior leadership continuously assess the effectiveness of monitoring activities over risks and take measures to strengthen our risk management and internal control environment.

Assurance from the Management

The Board has also received assurance from the Group Chief Financial Officer and Head of Risk Management that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group.

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 30 June 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 32 and 36 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's Risk Management and Internal Control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

STATEMENT ON DIRECTORS' RESPONSIBILITY

STATEMENT ON DIRECTORS' RESPONSIBILITY
IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS
(Pursuant to Paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia)

The Act places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Group and the Company as of 30 June 2021 and of their financial performance and cash flows for the financial year then ended. The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2021, the Group has conformed to the appropriate accounting policies and applied them consistently and prudently and that measures have been taken to ensure that the accounting records are properly kept in accordance with the law.

The Directors also have the general responsibility to take such steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities relevant to preparation and fair presentation of financial statements that are free from material misstatement.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby with pleasure submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of construction services. There have been no significant changes in the nature of these activities during the financial year.

SUBSIDIARIES

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the parent	37,463	1,923
Non-controlling interests	771	-
	38,234	1,923

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIVIDENDS

The dividend declared, paid and payable by the Company since the previous financial year were as follows:

In respect of the financial year ended 30 June 2020	RM'000
First and final single tier dividend of 2.26 sen per share, declared on 7 October 2020 and paid on 23 December 2020	2,556

The Directors did not recommend any dividend in respect of the current financial year.

DIRECTORS

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

Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah *
Dato' Arivalagan A/L Arujunan
Kok Pauline
Mustakim Bin Mat Nun * ^
Tan Yee Hou
Sarah Azreen Binti Abdul Samat *

* They are also Directors of certain subsidiary companies of the Company.
^ The Director has resigned on 14 September 2021 in a certain subsidiary but remained as a Director in another subsidiary within the Group.

DIRECTORS (CONTINUED)

The Directors of the subsidiary companies of the Company who held office during the financial year and up to the date of this report, not including those Directors listed above are:

Amirul Afif Bin Abd Aziz	
Jaffar Bin Abu Bakar	
Muhammad Syukri Bin Sulaiman [1]	
Zainal Azwadi Bin Zainal Abidin [2]	
Mohd Rashid Bin Mohd Yusof	(Appointed on 29 September 2021)
Khairulaklam Bin Omar	(Appointed on 14 June 2021)
Md Daud Bin Abdul Rahman	(Appointed on 14 June 2021)
Datuk Ir. (Dr) Khairol Anuar Bin Mohamad Tawi	(Resigned on 29 September 2021)
Rosila Binti Alias	(Resigned on 15 September 2021)

[1] The Director has resigned on 26 July 2021 in a certain subsidiary but remained as a Director in another subsidiary within the Group.

[2] The Director has been appointed on 9 October 2020 and 11 August 2021 in two subsidiaries within the Group.

DIRECTORS' BENEFITS

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the Directors as disclosed in Note 28 to the financial statements of the Company and its related corporations or the fixed salary of a full-time employee of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' AND OFFICERS' INDEMNITY

During the financial year, the total cost of indemnity insurance effected for Directors and officers of the Group and the Company is as disclosed in Note 26 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares				
	At 1.7.2020	Share split	Bought	Sold	At 30.6.2021
The Company					
Direct interests:					
Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	38,455,078	109,041,234	1,873,100	(15,281,100)	134,088,312
Mustakim Bin Mat Nun	351,500	2,825,100	2,865,200	-	6,041,800
Deemed interests:					
Mustakim Bin Mat Nun ^	16,900,000	50,700,000	7,300,000	(4,327,120)	70,572,880
Sarah Azreen Binti Abdul Samat #	16,900,000	50,700,000	7,300,000	(4,327,120)	70,572,880

	Number of warrants				
	At 1.7.2020	Free warrants	Bought	Sold	At 30.6.2021
The Company					
Direct interests:					
Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah	-	48,462,769	-	(48,462,769)	-
Mustakim Bin Mat Nun	-	1,255,599	-	-	1,255,599
Deemed interests:					
Mustakim Bin Mat Nun ^	-	22,533,332	-	(21,306,666)	1,226,666
Sarah Azreen Binti Abdul Samat #	-	22,533,332	-	(21,306,666)	1,226,666

^ *Deemed interested by virtue of his shareholding in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

Deemed interested by virtue of her shareholding in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

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

ISSUE OF SHARES AND DEBENTURES

The number of ordinary shares of the Company has increased from 113,082,662 to 452,330,648 following the listing of the subdivided shares, as detailed below on the Main Market of Bursa Securities:

(i) number of subdivided shares of 339,247,986 pursuant to share split involving a subdivision of every 1 existing ordinary share into 4 shares.

Other than above, there was no other change in the issued and paid-up capital of the Company, nor issuances of debentures by the Company, during the financial year.

WARRANTS

The main features of the warrants are disclosed in Note 18 to the financial statements.

OTHER STATUTORY INFORMATION

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

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

(ii) to ensure that any current assets which were unlikely to realised in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

OTHER STATUTORY INFORMATION (CONTINUED)

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

SIGNIFICANT EVENT AND SUBSEQUENT EVENTS

The details of significant event during the financial year and subsequent events are disclosed in Note 40 and Note 41 to the financial statements respectively.

AUDITORS

The auditors, Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to accept the appointment.

The auditors' remuneration is disclosed in Note 26 to the financial statements.

AUDITORS' INDEMNITY

To the extent permitted by law, the Company has agreed to indemnity its auditors, Al Jafree Salihin Kuzaimi PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Al Jafree Salihin Kuzaimi PLT during or since the end of the financial year.

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

Mustakim Bin Mat Nun
Director

Sarah Azreen Binti Abdul Samat
Director

Kuala Lumpur

Date: 13 October 2021

STATEMENT BY DIRECTORS

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

We, Mustakim Bin Mat Nun and Sarah Azreen Binti Abdul Samat, being two of the Directors of KPower Berhad (Formerly known as Kumpulan Powernet Berhad), do hereby state that in the opinion of the Directors, the financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of their financial performance and cash flows for the financial year then ended.

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

Mustakim Bin Mat Nun
Director

Sarah Azreen Binti Abdul Samat
Director

Kuala Lumpur

Date: 13 October 2021

STATUTORY DECLARATION

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

I, Amirul Afif Bin Abd Aziz, being the officer primarily responsible for the financial management of KPower Berhad (Formerly known as Kumpulan Powernet Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Amirul Afif Bin Abd Aziz
at Petaling Jaya, Selangor
on 13 October 2021

Amirul Afif Bin Abd Aziz

Before me,

Amir Adham Bin Zainal @ Hasbullah (B575)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KPOWER BERHAD

(FORMERLY KNOWN AS KUMPULAN POWERNET BERHAD) (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of KPower Berhad (Formerly known as Kumpulan Powernet Berhad), which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 102.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matters
1) Revenue recognition (a) Construction related activities The Group and the Company involves in the construction related activities during the year, the Group and the Company recognise the revenue generated from the construction related activities using the input method using the percentage of completion method. The Group and the Company recognised the revenue amounting to RM361,087,000 (2020: RM79,571,000) and RM55,242,000 (2020: RM67,794,000) respectively during the year which represents 94% (2020: 83%) and 96 (2020: 96%) of the Group and the Company total revenue during the year.	Our procedures included, amongst others: In assessing the revenue recognised from construction related activities - We walked through the process and test the Groups' internal controls on the revenue recognition and tested the operating effectiveness of the controls; - We have agreed the contract price in the input method calculation to the latest contract and variation orders (if any); - We have agreed the budget in the percentage of completion calculation to the budget approved by the key management; - We evaluated the appropriateness of the basis of the approved budget with the management and discussed and challenged the significant basis applied in their budget; - We have selected samples based on materiality to vouch for the actual cost incurred during the year to ensure existence and completeness of the percentage of completion; - We have obtained the statement of account from active creditors to ensure the completeness of the actual cost recorded; - We have performed the cut-off tests to ensure revenue recognised for the financial year are recognised in correctly. - We have re-calculated the percentage of completion to ensure mathematical accuracy.
(b) Property development For the financial year ended 30 June 2021, revenue of RM8,742,000 (2020: RM15,010,000) and cost of sales of RM5,740,000 (2020: RM8,886,000) from property development activities account for approximately 2.2% (2020: 16%) and 1.8% (2020: 13%) of the total Group sales and cost of sales respectively. Where the Group uses percentage of completion method to recognise revenue and profit from its property development activities, the amount of revenue and profit recognised are dependent on, amongst others, the work of management's expert to derive to the percentage of completion, the actual units sold and the estimated total revenue for the respective project.	In assessing the revenue recognised from property development activity - We obtained an understanding of the process in deriving the stage of completion which includes verifying the certified workdone such as examining the progress claim from contractors, architect certifications and performing site visits on sampling basis; - We evaluated the assumptions applied in estimating the property development costs for property development phases by examining documentary evidence such as letter of award issued to contractors to support the budgeted costs; - We verified the gross development value against the signed sales and purchase agreement; and

Key Audit Matters (continued)

Key Audit Matters	**How our audit addressed the key audit matters**
1) Revenue recognition (cont'd) We identified the revenue and cost of sales recognised on the percentage of completion method or overtime from property development activities as matters requiring audit focus as these are areas involved significant management's and valuer's judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross margin of property development activities undertaken by the Group). The Group's accounting policies and disclosures on property development activity and construction related activities based on percentage of completion method are disclosed in Note 2.18 (i) & (v) respectively to the financial statements.	Our procedures included, amongst others: (cont'd) - We checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and considered implication of identified errors and changes in estimates.
2) Impairment of property, plant and equipment and goodwill As at 30 June 2021, the Group has significant balances of non-current assets. The significance amount of non-current assets were contributed by a freehold land and building in Bentong together with the trucks in Johor and goodwill arises from acquisitions of Chemtrax Sdn. Bhd. and Granulab Sdn. Bhd. which amounting to RM11,317,000, RM8,838,000 and RM12,956,000 representing 3.5%, 2.8% and 4% of the Group non-current assets respectively. In accordance with MFRS 136: *Impairment of Assets*, the Group is required to perform impairment test for its cash generating unit ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount. Recoverable amount is defined as the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). The Group has adopted to use fair value less cost of disposal as the assessments of impairment for the property, plant and equipment and investment property. Arising from the impairment assessment of the property, plant and equipment and goodwill, the Group did not recognised any impairment loss during the year. Refer to the disclosures of property, plant and equipment and goodwill in Note 4 and Note 7 to the financial statements respectively.	Our procedures included, amongst others: - We obtained the latest market value of the property, plant and equipment and investment property and compared it against the carrying amount of the property, plant and equipment and investment property; - We re-calculated the impairment assessment for mathematical accuracy; - We evaluated the appropriateness of the work of the management. We corroborated the management's work, tested source data and reviewed the management's report and conclusion; - We evaluated the objectivity, independence and expertise of the management by inquiring the management regarding the years of experience and qualifications; - We have challenged the key assumptions used by management in the discounted cash flows projection in determining the recoverable amounts which include the growth rate and discount rate; - We have assessed the reliability of management's forecast through the review of past trends of actual financial performances against forecasted results; and - We have reviewed the sensitivity analysis performed by the management on the growth rate and discount rate to determine whether reasonable changes on these key assumptions would result in the carrying amount of the goodwill to exceed their recoverable amount.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report 2021, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the Annual Report 2021, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Auditors' responsibilities for the audit of the financial statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

Auditors' responsibilities for the audit of the financial statements (continued)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other matters

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

AL JAFREE SALIHIN KUZAIMI PLT
201506002872 (LLP0006652-LCA) & AF1522
CHARTERED ACCOUNTANTS

AHMAD ALJAFREE BIN MOHD RAZALLI
No. 01768/05/2023 J
CHARTERED ACCOUNTANT

Dated: 13 October 2021

Selangor, Malaysia

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current assets					
Property, plant and equipment	4	21,290	12,287	247	154
Right-of-use assets	5	1,554	511	661	511
Investment property	6	-	7,626	-	-
Intangible assets	7	12,973	11	17	11
Investment in subsidiaries	8	-	-	92,175	26,490
Deferred tax assets	9	67	-	-	-
		35,884	20,435	93,100	27,166
Current assets					
Inventories	10	2,794	2,017	-	-
Contract assets	11	13,113	6,155	-	-
Contract cost assets	12	1,421	2,760	98	-
Trade and other receivables	13	144,867	43,565	12,203	29,600
Deposits and prepayments	14	4,924	2,491	830	2,126
Tax assets	15	3,461	-	2,641	-
Cash and bank balances	16	104,100	89,805	58,672	87,680
		274,680	146,793	74,444	119,406
Asset classified as held for sale	17	7,387	-	-	-
		282,067	146,793	74,444	119,406
Total assets		317,951	167,228	167,544	146,572
Equity					
Share capital	18	97,730	97,730	97,730	97,730
Reserve	19	5,424	4,676	-	-
Retained earnings		38,413	3,506	6,868	7,501
Total equity attributable to:					
Owners of the parent		141,567	105,912	104,598	105,231
Non-controlling interest		1,102	(4)	-	-
Total equity		142,669	105,908	104,598	105,231
Non-current liabilities					
Lease liabilities	20	702	254	316	254
Deferred tax liabilities	9	19	6	18	6
Borrowings	21	5,838	1,420	-	-
		6,559	1,680	334	260
Current liabilities					
Trade and other payables	22	97,477	53,444	11,505	38,279
Contract liabilities	11	13,503	2,663	1,672	84
Lease liabilities	20	891	269	363	269
Borrowings	21	52,384	565	48,454	-
Provision for taxation	15	4,468	2,699	618	2,449
		168,723	59,640	62,612	41,081
Total liabilities		175,282	61,320	62,946	41,341
Total equity and liabilities		317,951	167,228	167,544	146,572

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	23	386,091	95,843	57,842	70,394
Cost of sales	24	(318,622)	(67,944)	(45,369)	(45,783)
Gross profit		67,469	27,899	12,473	24,611
Other income	25	1,568	1,436	1,499	182
Selling and distributions expenses		(53)	(104)	-	-
Administrative expenses		(13,505)	(9,773)	(9,087)	(7,756)
Other expenses		(2,700)	(1,447)	(475)	(172)
Profit from operations		52,779	18,011	4,410	16,865
Finance costs	29	(1,377)	(105)	(1,020)	(31)
Profit before tax	26	51,402	17,906	3,390	16,834
Income tax expense	15	(13,168)	(5,130)	(1,467)	(4,614)
Profit net of tax		38,234	12,776	1,923	12,220
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		748	(132)	-	-
Total comprehensive income for the financial year		38,982	12,644	1,923	12,220
Profit attributable to:					
Owners of the parent		37,463	12,786	1,923	12,220
Non-controlling interests		771	(10)	-	-
		38,234	12,776	1,923	12,220
Total comprehensive income attributable to:					
Owners of the parent		38,211	12,654	1,923	12,220
Non-controlling interests		771	(10)	-	-
		38,982	12,644	1,923	12,220
Earnings per share attributable to owners of the parent (sen per share)					
Basic	30	8.28	2.83	-	-
Diluted	30	8.28	2.83	-	-

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		← Attributable to owners of the Company →						
		← Non-Distributable →						
	Note	Share capital RM'000	Foreign currency translation reserves RM'000	Asset revaluation reserve RM'000	Distributable retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group								
At 1 July 2020		97,730	(236)	4,912	3,506	105,912	(4)	105,908
Net profit for the financial year		-	-	-	37,463	37,463	771	38,234
Foreign currency translation		-	748	-	-	748	-	748
Total comprehensive income for the year		-	748	-	37,463	38,211	771	38,982
Transaction with owners:								
Dividend paid	31	-	-	-	(2,556)	(2,556)	-	(2,556)
Acquisition of subsidiaries		-	-	-	-	-	329	329
Deconsolidation of subsidiaries		-	-	-	-	-	6	6
At 30 June 2021		97,730	512	4,912	38,413	141,567	1,102	142,669
Group								
At 1 July 2019		28,994	(104)	4,912	(9,280)	24,522	(395)	24,127
Net profit for the financial year		-	-	-	12,786	12,786	(10)	12,776
Foreign currency translation		-	(132)	-	-	(132)	-	(132)
Total comprehensive income for the year		-	(132)	-	12,786	12,654	(10)	12,644
Transaction with owners:								
Issue of share capital	18	68,736	-	-	-	68,736	-	68,736
Deconsolidation of subsidiaries		-	-	-	-	-	401	401
At 30 June 2020		97,730	(236)	4,912	3,506	105,912	(4)	105,908

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Share capital RM'000	Retained earnings RM'000	Total RM'000
Company				
At 1 July 2020		97,730	7,501	105,231
Total comprehensive income for the year		-	1,923	1,923
Transaction with owners:				
Dividend paid	31	-	(2,556)	(2,556)
At 30 June 2021		97,730	6,868	104,598

	Note	Share capital RM'000	Retained earnings RM'000	Total RM'000
Company				
At 1 July 2019		28,994	(4,719)	24,275
Total comprehensive income for the year		-	12,220	12,220
Transaction with owners:				
Issue of share capital	18	68,736	-	68,736
At 30 June 2020		97,730	7,501	105,231

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Profit before tax	51,402	17,906	3,390	16,834
Adjustments for:				
Allowance for impairment loss on:				
- trade and other receivables	168	143	-	-
- investment property	1,005	245	-	-
Amortisation of intangible assets	3	1	3	1
Depreciation of investment property	174	170	-	-
Depreciation of property, plant and equipment	1,618	649	22	15
Depreciation of right-of-use assets	546	249	299	249
Gain on disposal of property, plant and equipment	(99)	-	-	-
Gain on disposal of subsidiaries	(16)	-	-	-
Reversal of term loan	-	(745)	-	-
Reversal of impairment loss in a subsidiary	-	-	(470)	-
Interest expense	1,305	74	969	-
Interest expense on lease liabilities	72	31	51	31
Unrealised loss/(gain) on foreign exchange	119	222	(146)	141
Inventories written off	-	333	-	-
Interest income	(885)	(69)	(858)	(64)
Operating profit before changes in working capital	55,412	19,209	3,260	17,207
Changes in working capital				
Inventories	(161)	(841)	-	-
Contract assets	(6,958)	(6,155)	-	-
Contract cost assets	1,339	4,651	(98)	-
Trade and other receivables	(92,613)	(37,689)	(23,474)	(33,400)
Trade and other payables	36,835	32,144	(27,371)	27,381
Contract liabilities	6,918	2,663	1,731	84
Cash generated from/ (used in) operations	772	13,982	(45,952)	11,272
Interest received	885	69	858	64
Tax paid	(20,040)	(3,443)	(5,927)	(2,161)
Net cash (used in)/ generated from operating activities	(18,383)	10,608	(51,021)	9,175

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities				
Increase in investment in subsidiaries	-	-	(22,258)	-
Net cash outflow from acquisition of subsidiaries (Note 38)	(9,534)	-	(1,000)	-
Purchase of property, plant and equipment	(2,848)	(167)	(115)	(165)
Purchase of intangible assets	(9)	(12)	(9)	(12)
Proceeds from sale of subsidiaries	10	-	10	-
Proceeds from disposal of property, plant and equipment	100	-	-	-
Net cash used in investing activities	(12,281)	(179)	(23,372)	(177)
Cash flows from financing activities				
Drawdown of trade financing	28,115	-	28,115	-
Drawdown of revolving credits	35,000	-	35,000	-
Proceeds from hire purchase	2,605	-	-	-
Dividend paid	(2,556)	-	(2,556)	-
Issuance of share capital	-	68,736	-	68,736
Interest paid	(708)	(74)	(373)	-
Interest paid on lease liabilities	(72)	(31)	(51)	(31)
Advances from a Director	-	10,000	-	10,000
Repayment of trade financing	(14,661)	-	(14,661)	-
Repayment of hire purchase	(1,570)	-	-	-
Repayment of term loans	(853)	(575)	-	-
Payments for the principal portion of lease liability	(333)	(237)	(89)	(237)
Placements in bank restricted for use	(52,525)	(20)	(52,500)	-
Net cash (used in)/ generated from financing activities	(7,558)	77,799	(7,115)	78,468
Net (decrease)/ increase in cash and cash equivalents	(38,222)	88,228	(81,508)	87,466
Effect of exchange rate changes	(8)	51	-	-
Cash and cash equivalents at beginning of year	89,785	1,506	87,680	214
Cash and cash equivalents at end of year	51,555	89,785	6,172	87,680
Cash and cash equivalents at end of year comprised:				
Cash and bank balances	47,808	81,573	5,955	79,468
Deposits with licensed banks	56,292	8,232	52,717	8,212
	104,100	89,805	58,672	87,680
Less: Cash and bank balances restricted for use	(52,545)	(20)	(52,500)	-
	51,555	89,785	6,172	87,680

Reconciliation of movement of liabilities to cash flow arising from financing activities:

Group	At 1 July 2019	Net changes from financing cash flows	Other changes*	Acquisition of new leases	At 30 June 2020/ 1 July 2020	Net changes from financing cash flows	Acquisition of new leases	Acquisition of subsidiaries	Foreign exchange movement	At 30 June 2021
Term loans	3,305	(575)	(745)	-	1,985	(853)	-	1,037	242	2,411
Hire purchase	-	-	-	-	-	1,035	-	6,322	-	7,357
Revolving credits	-	-	-	-	-	35,000	-	-	-	35,000
Trade financing	-	-	-	-	-	13,454	-	-	-	13,454
Lease liabilities	-	(237)	-	760	523	(333)	383	1,020	-	1,593
	3,305	(812)	(745)	760	2,508	48,303	383	8,379	242	59,815

* Other changes consist of reversal of term loan in financial year ended 30 June 2020.

Company	At 1 July 2019	Net changes from financing cash flows	Acquisition of new leases	At 30 June 2020/ 1 July 2020	Net changes from financing cash flows	Acquisition of new leases	At 30 June 2021
Revolving credits	-	-	-	-	35,000	-	35,000
Trade financing	-	-	-	-	13,454	-	13,454
Lease liabilities	-	(237)	760	523	(89)	245	679
	-	(237)	760	523	48,365	245	49,133

1. GENERAL INFORMATION

KPower Berhad (Formerly known as Kumpulan Powernet Berhad) ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200, Kuala Lumpur. The principal place of business of the Company is located at C1-1-1, Solaris Dutamas No. 1, Jalan Dutamas 1, 50480, Kuala Lumpur.

The principal activities of the Company are investment holding and provision of construction services. The principal activities of the subsidiaries are stated in Note 8 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 October 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

On 1 July 2020, the Group and the Company adopted the following new and amended MFRSs and Interpretations Committee ("IC") Interpretations and Annual Improvement to MFRSs mandatory for annual financial periods beginning on or after 1 July 2020.

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 7 Financial Instruments Disclosures	1 January 2020
Amendments to MFRS 9 Financial Instruments	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to MFRS 16 Covid-19 Related Rent Concessions	1 June 2020

The adoption of amendments listed above did not have any material impact on the current financial year or any prior financial year and is not likely to affect future financial years significantly.

2.3 Standards issued but not yet effective

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform-Phase 2	1 January 2021
Amendments to MFRS 16 Leases - Covid-19 - Related Rent Concession beyond 30 June 2021	1 April 2021
Amendments to MFRS 3 Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 9 Financial Instruments (Annual Improvement to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

MFRS/ Amendment/ Interpretation	Effective date
Annual improvements to MFRS 2018 - 2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2023
Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Unless otherwise described below, the new MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of the above new MFRS, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

The Group controls an investee if and only if the Group has all the followings:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect the amount of the investors' returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the size of the Company's holding of voting rights relative to the size and dispersion of holding of other vote holders;

(ii) potential voting rights held by the Company, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

(iv) any additional facts and circumstances that indicated that the Company has, or does not have the current ability to direct the relevant activities at the time that decisions need to be made including voting patterns at previous shareholders' meeting.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (continued)

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiary companies are consolidated using the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets acquired, liabilities incurred or assumed and equity instruments issued at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interests in the subsidiary. Acquisition-related costs are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interests in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is stated at cost less accumulated impairment losses. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Non-controlling interests are the part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the shareholders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in retained earnings within equity attributable to the shareholders of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Foreign currency transaction

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(b) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

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

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (continued)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is stated at cost less accumulated impairment losses, if any. Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Electrical installation, air conditioner and renovation	5 to 10 years
Factory and buildings	18 to 28 years
Furniture and fittings	10 years
Lab equipment	10 years
Motor vehicles	5 years
Office equipment and computers	4 to 10 years
Plant and machinery	20 years
Trucks	5 to 7 years
Yard and engineering equipment	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(b) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(c) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(d) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (continued)

(d) Amortisation (continued)

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss.

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

2.8 Investment property

Investment property is investment in land and buildings that are held for long term rental yields and/or capital appreciation.

Investment in freehold land is stated at cost and is not depreciated as it has an indefinite life. Other investment property is stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.9 to the financial statements.

Investment property is depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives at an annual rate of 2%.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised from the statement of financial position. The difference between the net disposal proceeds and its carrying amount is charged or credited to profit or loss in the financial year of the retirement or disposal.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments - initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under *MFRS 15: Revenue from Contract with Customers* ("MFRS 15").

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost are contract assets, trade and other receivables, deposits and cash and bank balances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments - initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *MFRS 32 Financial Instruments* : Presentation and are not held for trading. The classification is determined on an instrument-by- instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group have not designated any financial assets at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on unquoted equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Group have not designated any financial assets at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments - initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

(i) The rights to receive cash flows from the asset have expired; or

(ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment of financial assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments - initial recognition and subsequent measurement (continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

The Group and the Company initially measure a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in *MFRS 9: Financial Instruments* ("MFRS 9") are satisfied.

The Group have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of the financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus principal repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

The Group's financial liabilities at amortised cost are lease liabilities, borrowings and trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments - initial recognition and subsequent measurement (continued)

(iii) Offsetting of financial instruments

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

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and bank balances as defined above and deposits pledged with licensed banks.

2.12 Inventories

(i) Trading inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

(ii) Manufacturing inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

(a) Raw materials and consumables: purchase costs on a first-in first-out basis.

(b) Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

2.13 Contract assets and contract liabilities

A contract asset is the right of the Group or the Company to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group or the Company has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is presented as the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9.

A contract liability is the obligation of the Group or the Company to transfer goods and services to a customer for which it has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration or the Group or the Company has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group or the Company performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss. Contract liabilities include advance payment and downpayments received from customers and other amounts where the Group or the Company has billed before the goods are delivered or services are provided to the customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Contract cost assets

(i) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as contract cost assets when the Group expects those costs to be recoverable.

(ii) Costs to fulfil a contract

The costs incurred in fulfilling a contract with a customer who are not within the scope of other MFRSs, such as MFRS 102: Inventories, MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets, are recognised as contract cost assets when all of the following criteria are met:

- costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Contract cost assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2.15 Provision

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

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

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases

The Group assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all lease, except for short term leases and leases of low-value-asset. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised. Initial direct costs, incurred, and lease payments made at or before commencement date less any lease incentives received. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If the ownership of the leased assets transfer to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease terms reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises lease payments associated with these leases as an expense over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (continued)

(iv) Extension options

The Group in applying their judgement, determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that creates an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

As a lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income.

When the assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

2.18 Revenue

(i) Revenue from constructions related activities

The Group and the Company involves in the constructions related activities, in which the Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

For contracts relating to constructions related activities, the Group is responsible for the overall management of the project and identifies various services to be provided, including project management, supply of labour, construction, installation, testing, commissioning and completion of the project.

In such contracts, the Group determined that the goods and services are not distinct and generally accounts for them as a single performance obligation. Depending on the terms of each contract, the Group and the Company has determined control is transferred at a point in time or over time.

(ii) Sale of goods

Revenue from sales of goods is recognised net of discounts when control of the asset is transferred to the customer, generally on the delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(iii) Rental income

Revenue income is recognised in profit or loss as it accrues, based on rates agreed with tenants.

(iv) Interest income

Interest income is recognised using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue (continued)

(v) Revenue from property development

Contract with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to make payment for performance completed to date.

If control of the asset transfer over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the output method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

(vi) Management fees

Management fees are recognised in profit or loss as it accrues at contracted rates.

(vii) Rendering of Services

Revenue from rendering of services is measured based on the consideration specified in a contract with a customer in exchange for transferring goods and services to customers. The Group recognises revenue when (or as) it transfers control over products or services to customers. Assets are transferred when (or as) the customers obtain control of the assets.

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's performance does not create an asset with an alternative use and the Group have an enforceable right to payment for performance completed to date.

2.19 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income tax (continued)

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

2.20 Operating segment

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the in put used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2.22 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.23 Earnings for ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.24 Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Upon classification as held for sale, non-current assets and disposals group are not depreciated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment property and property, plant and equipment

The Group has developed certain criteria based on *MFRS 140: Investment property* in making judgement whether a property qualified as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

One of the buildings of the Group is being substantially let out to earn rental income. Accordingly, this property is classified as investment property.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of financial assets

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's financial assets carried at amortised costs at the reporting date is disclosed in Note 11, 13, 14 and 16.

(b) Useful lives of plants, equipments and trucks

The cost of plants and equipments are depreciated on a straight-line basis over the plants, equipments and trucks estimated useful lives. Management estimates the useful lives of these plants, equipments and trucks (excludes freehold land, factory and buildings) to be within 4 to 20 years. The carrying amount of the Group's plants and equipments at 30 June 2021 was RM9,973,000 (2020: RM459,000) as disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(c) Revenue recognition of property development activities and construction contracts

The Group recognises property development activities and construction contracts based on stage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out in Notes 2.18.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development projects. Substantial changes in cost estimates, particularly in complex projects have had, and can in future periods have, a significant effect on the Group's profitability. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

(d) Leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

(e) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, capital allowances and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. When an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

The Group has recognised the deferred tax assets as it is foreseeable that the Group would generate sufficient taxable profits in future against which the deferred tax assets can be utilised.

The carrying amount of the Group's recognised and unrecognised deferred tax assets as at 30 June 2021 are disclosed in Note 9.

4. PROPERTY, PLANT AND EQUIPMENT

Group 2021	Note	Freehold land RM'000	Factory and buildings RM'000	Furniture and fittings RM'000	Office equipment and computers RM'000	Motor vehicles RM'000	Trucks RM'000	Electrical installation, air conditioner and renovation RM'000	Plant and machinery and lab equipment RM'000	Yard and engineering equipment RM'000	Total RM'000
Cost/valuation											
At 1 July 2020		4,800	9,200	157	688	214	-	2,627	19,623	-	37,309
Acquisition of subsidiaries		-	-	5	141	505	25,826	170	119	406	27,172
Additions		-	-	17	127	-	2,647	56	1	-	2,848
Disposals		-	-	-	-	-	(397)	-	-	-	(397)
At 30 June 2021		4,800	9,200	179	956	719	28,076	2,853	19,743	406	66,932
Accumulated depreciation and impairment loss											
At 1 July 2020		-	2,172	119	595	214	-	2,507	19,415	-	25,022
Acquisition of subsidiaries		-	-	-	101	202	18,747	86	18	244	19,398
Depreciation for the financial year	26	-	511	7	26	37	887	30	87	33	1,618
Disposals		-	-	-	-	-	(396)	-	-	-	(396)
At 30 June 2021		-	2,683	126	722	453	19,238	2,623	19,520	277	45,642
Carrying amounts at 30 June 2021		4,800	6,517	53	234	266	8,838	230	223	129	21,290

(i) At 30 June 2021, the net carrying amount of motor vehicles and trucks pledged for hire purchase liabilities is RM9,104,954 (2020: RM Nil).
(ii) Included in the Group's accumulated depreciation and impairment of property, plant and equipment are impairment losses carried forward of RM2,015,494 (2020: RM2,015,494).

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2020	Note	Freehold land RM'000	Factory and buildings RM'000	Furniture and fittings RM'000	Office equipment and computers RM'000	Motor vehicles RM'000	Trucks RM'000	Electrical installation, air conditioner and renovation RM'000	Plant and machinery and lab equipment RM'000	Yard and engineering equipment RM'000	Total RM'000
Cost/valuation											
At 1 July 2019		4,800	9,200	117	605	214	-	2,583	19,623	-	37,142
Additions		-	-	40	83	-	-	44	-	-	167
At 30 June 2020		4,800	9,200	157	688	214	-	2,627	19,623	-	37,309
Accumulated depreciation and impairment loss											
At 1 July 2019		-	1,661	112	580	214	-	2,484	19,322	-	24,373
Depreciation for the financial year	26	-	511	7	15	-	-	23	93	-	649
At 30 June 2020		-	2,172	119	595	214	-	2,507	19,415	-	25,022
Carrying amounts at 30 June 2020		4,800	7,028	38	93	-	-	120	208	-	12,287

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Furniture and fittings RM'000	Office equipment and computers RM'000	Renovation RM'000	Total RM'000
Cost					
At 1 July 2019		77	244	-	321
Additions		40	81	44	165
At 30 June 2020/ 1 July 2020		117	325	44	486
Additions		8	107	-	115
At 30 June 2021		125	432	44	601
Accumulated depreciation					
At 1 July 2019		77	240	-	317
Depreciation for the financial year	26	3	9	3	15
At 30 June 2020/ 1 July 2020		80	249	3	332
Depreciation for the financial year	26	5	13	4	22
At 30 June 2021		85	262	7	354
Carrying amounts:					
At 30 June 2021		40	170	37	247
At 30 June 2020		37	76	41	154

5. RIGHT-OF-USE ASSETS

Group	Note	Land RM'000	Buildings RM'000	Office RM'000	Total RM'000
At 1 July 2019		-	-	760	760
Depreciation for the financial year	26	-	-	(249)	(249)
At 30 June 2020/ 1 July 2020		-	-	511	511
Acquisition of subsidiaries		672	330	-	1,002
Additions		-	125	218	343
Remeasurement		-	-	244	244
Depreciation for the financial year	26	(139)	(108)	(299)	(546)
At 30 June 2021		533	347	674	1,554

5. RIGHT-OF-USE ASSETS (CONTINUED)

Company	Office RM'000	Total RM'000
At 1 July 2019	760	760
Depreciation for the financial year (Note 26)	(249)	(249)
At 30 June 2020/ 1 July 2020	511	511
Additions	205	205
Remeasurement	244	244
Depreciation for the financial year (Note 26)	(299)	(299)
At 30 June 2021	661	661

The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation expense of right-of-use assets (Note 26)	546	249	299	249
Interest expense on lease liabilities (Note 29)	72	31	51	31
Total amount recognised in profit or loss	618	280	350	280

Extension of option
The lease of buildings contain extension options exercisable by the Group up to 1 year before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencements whether its is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The discounted lease liabilities recognised is RM3,258,528. The Group borrowing rate is ranging from 5% to 6.14% (2020: 5.25%).

6. INVESTMENT PROPERTY

Group	Note	Freehold land RM'000	Building RM'000	Total RM'000
Cost				
At 1 July 2019		1,192	7,905	9,097
Foreign exchange differences		(7)	(204)	(211)
At 30 June 2020/ 1 July 2020		1,185	7,701	8,886
Foreign exchange differences		145	942	1,087
Reclassification to asset held for sale	17	(1,330)	(8,643)	(9,973)
At 30 June 2021		-	-	-
Accumulated depreciation and impairment loss				
At 1 July 2019		-	1,007	1,007
Depreciation for the financial year	26	-	170	170
Impairment loss	26	-	245	245
Foreign exchange differences		-	(162)	(162)
At 30 June 2020/ 1 July 2020		-	1,260	1,260
Depreciation for the financial year	26	-	174	174
Impairment loss	26	-	1,005	1,005
Foreign exchange differences		-	147	147
Reclassification to asset held for sale	17	-	(2,586)	(2,586)
At 30 June 2021		-	-	-
Carrying amounts:				
At 30 June 2021		-	-	-
At 30 June 2020		1,185	6,441	7,626

6. INVESTMENT PROPERTY (CONTINUED)

i. Disposal of investment property

The Property is located in Liverpool, United Kingdom. It comprises a student hall of residence, which provides 36 student rooms of varying size together with communal facilities including lounges, kitchen, bathrooms and shower rooms as well as an office, store and plant room.

Details of the Group's Property are as below:

Description	Location	Existing used
Nightingale House ("Property")	The Lodge, 1, Princes Road, Liverpool, L8 1TG	Generate rental income

On 5 July 2021, the Group has completed the sale of the Property for a total cash consideration of GBP1,250,000 (RM7,387,000).

As at 30 June 2021, the fair value of the Property was determined using its selling price from the sale and purchase agreement. This has resulted in an impairment loss of GBP169,013 (RM1,005,000). Subsequently, the net carrying value of GBP1,250,000 (RM7,387,000) was reclassified to "Asset classified as held for sale".

The outstanding bank borrowing of GBP178,000 (RM1,050,000) is expected to be fully repaid following the completion of this disposal.

7. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Software RM'000	Total RM'000
Cost				
At 1 July 2019		-	-	-
Additions		-	12	12
At 30 June 2020/ 1 July 2020		-	12	12
Acquisition through business combination	38	12,956	-	12,956
Additions		-	9	9
At 30 June 2021		12,956	21	12,977
Accumulated amortisation				
At 1 July 2019		-	-	-
Amortisation for the year	26	-	1	1
At 30 June 2020/ 1 July 2020		-	1	1
Amortisation for the year	26	-	3	3
At 30 June 2021		-	4	4
Carrying amounts:				
At 30 June 2021		12,956	17	12,973
At 30 June 2020		-	11	11

The carrying amount of goodwill allocated to the Group's cash generating unit ("CGU") is based on the CGU's excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities.

7. INTANGIBLE ASSETS (CONTINUED)

Company	Note	Software RM'000	Total RM'000
Cost			
At 1 July 2019		-	-
Additions		12	12
At 30 June 2020/1 July 2020		12	12
Additions		9	9
At 30 June 2021		21	21
Accumulated amortisation			
At 1 July 2019		-	-
Charge during the year	26	1	1
At 30 June 2020/1 July 2020		1	1
Charge during the year	26	3	3
At 30 June 2021		4	4
Carrying amounts:			
At 30 June 2021		17	17
At 30 June 2020		11	11

8. INVESTMENT IN SUBSIDIARIES

	Note	Company 2021 RM'000	Company 2020 RM'000
Unquoted shares, at cost		63,301	40,053
Less: Allowance for impairment		(39,940)	(39,940)
		23,361	113
Quasi equity (Reclassified from amount due from subsidiaries)	(a)	70,126	28,159
Less: Allowance for impairment		(1,782)	(1,782)
Add: Reversal of impairment	25	470	-
		68,814	26,377
		92,175	26,490

(a) Quasi equity represents advances and payments made on behalf on which the settlement is either planned or likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi equity is stated at cost less accumulated impairment loss, if any.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Group's effective equity interest/ voting rights 2021 %	2020 %	Principal activities
Powernet Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing of warp-knitted fabrics
KPower Development Sdn. Bhd.	Malaysia	100	100	Property investment
Zelinn Limited *	British Virgin Islands	100	100	Investment holding
KPower Engineering Sdn. Bhd.	Malaysia	100	100	Real estate, investment holding, construction business and construction related activities, general trading and services
KPower International (L) Ltd.	Malaysia	100	100	Construction related activities
KPower Healthcare & Technologies Sdn. Bhd.	Malaysia	100	-	Investment holding
KPower Logistics Sdn. Bhd.#	Malaysia	100	-	Investment holding and logistics
PKNP KPower Suria Sdn. Bhd.#	Malaysia	95	-	Operation of the energy industry
Granulab (M) Sdn. Bhd.	Malaysia	70	-	Manufacturing and selling of Granumas, a granular synthetic bone graft
CBG Capital Sdn. Bhd. #@	Malaysia	-	51	Dormant
CBG Builders Sdn. Bhd. #@	Malaysia	-	51	Dormant
Subsidiary company of KPower Logistics Sdn. Bhd.				
Chemtrax Sdn. Bhd.	Malaysia	51	-	Providing chemical and gas transportation and forwarding services
Subsidiary company of Chemtrax Sdn. Bhd.				
Sabaka Logistik (M) Sdn. Bhd.	Malaysia	100	-	Chemical logistic services

* Companies not required to be audited in their country of incorporation. The financial statements have been reviewed for consolidation purposes.
# Companies are inactive and yet to commence any business.
@ Companies are not audited by Al Jafree Salihin Kuzaimi PLT.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Disposal of subsidiaries

During the financial year, the Company has disposed its 51% interest in CBG Capital Sdn. Bhd. and 51% interest in CBG Builders Sdn. Bhd. for a total cash consideration of RM10,000. The disposal of subsidiaries has been completed on 2 June 2021.

(c) Non-controlling interests in subsidiaries

	Carrying amount of non-controlling interests		Profit/(loss) attributable to non-controlling interests	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Chemtrax Sdn. Bhd.	2,929	-	821	-
Granulab (M) Sdn. Bhd.	(1,827)	-	(48)	-
CBG Capital Sdn. Bhd.	-	(2)	(1)	(5)
CBG Builders Sdn. Bhd.	-	(2)	(1)	(5)
	1,102	(4)	771	(10)

(d) Summarised financial information before intra-group elimination

	Chemtrax Sdn. Bhd. RM'000 49%	Granulab (M) Sdn. Bhd. RM'000 30%
As at 30 June 2021		
Non-current assets	10,031	303
Current assets	8,570	1,272
Non-current liabilities	(6,141)	(5,195)
Current liabilities	(6,452)	(2,430)
Net assets/(liabilities)	6,008	(6,050)
Year ended 30 June 2021		
Revenue	10,241	75
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year	1,677	(120)
Net cash flows generated from operating activities	1,046	140
Net cash flows (used in)/generated from investing activities	(2,612)	3
Net cash flows generated from/(used in) financing activities	773	(88)
Net (decrease)/increase in cash and cash equivalents	(793)	55

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information before intra-group elimination (continued)

	CBG Capital Sdn. Bhd. RM'000 49%	CBG Builders Sdn. Bhd. RM'000 49%
As at 30 June 2020		
Current assets	6	6
Current liabilities	(10)	(10)
Net assets	(4)	(4)
Year ended 30 June 2020		
Revenue	-	-
Loss for the year, representing total comprehensive loss for the year	(6)	(6)

During the year, there is no movement of cash flows from operation, investing and financing activities.

9. DEFERRED TAXATION

(a) Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts of deferred tax assets and liabilities, after appropriate offsetting, are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 July	(6)	(551)	(6)	(2)
Acquisition of a subsidiary company	(1,038)	-	-	-
Recognised in profit or loss (Note 15)				
- current year	27	(4)	(11)	(4)
- over provision of deferred tax liabilities in prior years	1,065	549	(1)	-
At 30 June	48	(6)	(18)	(6)
Disclosed as:				
- Deferred tax assets	67	-	-	-
- Deferred tax liabilities	(19)	(6)	(18)	(6)
	48	(6)	(18)	(6)

Deferred tax assets/(liabilities) of the Group and the Company

9. DEFERRED TAXATION (CONTINUED)

	Revaluation of factory and building RM'000	Property, plant and equipment RM'000	Right-of-use assets RM'000	Total RM'000
Group				
At 1 July 2020	-	(9)	3	(6)
Acquisition of a subsidiary	-	(1,038)	-	(1,038)
Recognised in profit or loss	-	1,087	5	1,092
At 30 June 2021	-	40	8	48
At 1 July 2019	(549)	(2)	-	(551)
Recognised in profit or loss	549	(7)	3	545
At 30 June 2020	-	(9)	3	(6)
Company				
At 1 July 2020	-	(9)	3	(6)
Recognised in profit or loss	-	(13)	1	(12)
At 30 June 2021	-	(22)	4	(18)
At 1 July 2019	-	(2)	-	(2)
Recognised in profit or loss	-	(7)	3	(4)
At 30 June 2020	-	(9)	3	(6)

(b) Deferred tax assets have not been recognised for the following items:

	Group	
	2021 RM'000	2020 RM'000
Tax effects of unutilised tax losses	23,635	22,639
Tax effects of unabsorbed capital allowance	10,334	10,053
At 30 June	33,969	32,692

10. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At lower of cost and net realizable value:		
Raw material	79	105
Work-in-progress	562	428
Manufactured inventories	1,286	816
Consumables	867	668
	2,794	2,017
Recognised in profit or loss:		
- Inventories recognised as cost of sales	169	151
- Inventories written off (Note 26)	-	333

11. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Contract assets				
Contract assets relating to construction contracts	13,113	6,155	-	-
Contract liabilities				
Contract liabilities relating to construction contracts	(13,503)	(2,663)	(1,672)	(84)

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date.

(b) The contract liabilities relate to advance considerations received (or an amount of consideration due) from customers for contracts of which the revenue will be recognised over the remaining contract term of the specific contract it relates to.

12. CONTRACT COST ASSETS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 July	2,760	7,411	-	-
Cost to obtain a contract	98	-	98	-
Costs to fulfil contract with customers:				
- Incurred during the year	449	-	-	-
- Recognised in profit or loss during the year	(1,886)	(4,651)	-	-
At 30 June	1,421	2,760	98	-

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables	143,688	44,023	11,588	29,597
Other receivables	2,084	279	615	3
	145,772	44,302	12,203	29,600
Less: Allowance for impairment				
- Trade receivables	(840)	(672)	-	-
- Other receivables	(65)	(65)	-	-
	144,867	43,565	12,203	29,600

(i) Included in trade receivables of the Group and the Company is a balance with a related party amounting to RM8,477,000 (2020: RM13,680,000).

(ii) Trade receivables are non-interest bearing and are generally on 30 days to 60 days (2020: 30 days to 60 days) credit terms. They recognised on their original invoice amount which represents their fair value on initial recognition.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables
The ageing analysis of the Group's trade receivables is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Neither past due nor impaired	2,680	19,324	1,199	19,291
1 to 30 days past due not impaired	45,985	3,935	-	3,920
31 to 120 days past due not impaired	75,363	8,003	9,396	6,386
More than 120 days past due not impaired	18,820	12,089	993	-
	140,168	24,027	10,389	10,306
	142,848	43,351	11,588	29,597
Impaired	840	672	-	-
	143,688	44,023	11,588	29,597

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired
These trade receivables are not impaired due to their past good payment records. Based on the past experience and with no adverse information to date, the directors are of the opinion that no impairment is necessary.

Receivables that are impaired
The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2021 RM'000	2020 RM'000
Individually impaired		
Trade receivables	840	672
Other receivables	65	65
Less: Allowance for impairment	(905)	(737)
	-	-
Movements in allowances accounts:		
At 1 July	737	594
Additions (Note 26)	168	143
At 30 June	905	737

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are individually determined to be impaired at the reporting date which has defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The currency exposure profile of trade and other receivables net of allowance for impairment losses is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
USD	44,211	15,984	1,198	14,476
Malaysian ringgit	100,656	27,581	11,005	15,124
	144,867	43,565	12,203	29,600

14. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits	3,519	1,992	486	1,809
Prepayments	1,405	499	344	317
	4,924	2,491	830	2,126

15. TAXATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net tax liabilities as at 1 July	(2,699)	(467)	(2,449)	-
Acquisition through business combination	(4,088)	-	-	-
Taxation charge for the financial year	(14,260)	(5,675)	(1,455)	(4,610)
Payment made	20,040	3,443	5,927	2,161
Net tax (liabilities)/ assets as at 30 June	(1,007)	(2,699)	2,023	(2,449)
Disclosed as:				
Tax assets	3,461	-	2,641	-
Tax liabilities	(4,468)	(2,699)	(618)	(2,449)
	(1,007)	(2,699)	2,023	(2,449)

15. TAXATION (CONTINUED)

Income tax expenses comprise:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian income tax:				
- Current year	14,241	5,661	1,455	4,605
- Under provision in prior year	19	14	-	5
	14,260	5,675	1,455	4,610
Deferred tax (Note 9):				
- Current year	(27)	4	11	4
- (Over)/ under provision in prior years	(1,065)	(549)	1	-
	13,168	5,130	1,467	4,614

The income tax is calculated at the statutory rate of 24% (2020: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax applicable to profit before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	51,402	17,906	3,390	16,834
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	12,336	4,297	814	4,040
Tax effects arising from				
- non-deductible expenses	1,781	1,566	804	767
- non-taxable income	(209)	-	(152)	-
- utilisation of previously unrecognised tax losses	-	(198)	-	(198)
- deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	306	-	-	-
- (over)/under provision of deferred tax liability in prior years	(1,065)	(549)	1	-
- under provision of income tax in prior years	19	14	-	5
	13,168	5,130	1,467	4,614

16. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash at banks	47,801	81,563	5,953	79,463
Cash in hands	7	10	2	5
Deposits with licensed banks	56,292	8,232	52,717	8,212
	104,100	89,805	58,672	87,680
Cash and bank balances restricted for use	(52,545)	(20)	(52,500)	-
Cash and cash equivalents	51,555	89,785	6,172	87,680

The fixed deposits of the Group and the Company bear effective interest at rates ranging from 1.50% to 1.65% (2020: 1.90% to 2.80%) per annum and with maturity periods of 1 to 12 months (2020: 1 to 3 months).

Included in cash and bank balances restricted for use of the Group and the Company are amount of RM52,545,000 (2020: RM20,000) and RM52,500,000 (2020: RM Nil) respectively pertaining to payment to bank guarantees issued in favour of third parties.

The currency exposure profile of cash and cash equivalents is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
USD	3,805	-	-	-
British pound	433	279	-	-
Malaysian ringgit	47,317	89,506	6,172	87,680
	51,555	89,785	6,172	87,680

17. ASSET CLASSIFIED AS HELD FOR SALE

Group	Note	Freehold land RM'000	Building RM'000	Total RM'000
Cost				
At 1 July 2019/ 30 June 2020/1 July 2020		-	-	-
Reclassification from investment property	6	1,330	8,643	9,973
At 30 June 2021		1,330	8,643	9,973
Accumulated depreciation				
At 1 July 2019/ 30 June 2020/1 July 2020		-	-	-
Reclassification from investment property	6	-	2,586	2,586
At 30 June 2021		-	2,586	2,586
Carrying amounts:				
At 30 June 2021		1,330	6,057	7,387
At 30 June 2020		-	-	-

On 5 July 2021, the Group has completed the sale of the Property for a total cash consideration of GBP1,250,000 (RM7,387,000).

The assessed fair value of the Property as at 30 June 2021 was GBP1,250,000 (RM7,387,000) and it is classified as "Asset classified as held for sale" in the statement of financial position.

18. SHARE CAPITAL

		Group and Company			
		Number of ordinary shares		Amount	
		2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid:					
At 1 July		113,083	76,150	97,730	28,994
Issued during the year:					
- Cash		-	36,933	-	68,736
- Share split	(i)	339,248	-	-	-
At 30 June		452,331	113,083	97,730	97,730

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) Share split represents the number of subdivided shares of 339,247,986 pursuant to share split involving a subdivision of every 1 existing ordinary share into 4 shares.

18. SHARE CAPITAL (CONTINUED)

Warrants

The issuance of 150,776,882 free warrants on the basis of 1 warrant for every 3 subdivided shares was completed on 25 January 2021 following the listing and quotation of the warrants on the Main Market of Bursa Securities. No warrants were exercised during the financial period from the completion date to 30 June 2021.

The salient terms of the Warrants are as follows:

(a) The Warrants are constituted by a Deed Poll executed on 11 December 2020.

(b) The Warrants are traded separately.

(c) The Warrants can be exercised at any time for a period of 5 years commencing on and including 25 January 2021 ("Exercise Period"). Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

(d) Each Warrant entitled the registered holder to subscribe for one new ordinary share in the Company.

(e) Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company.

19. RESERVES

		Group	
	Note	2021 RM'000	2020 RM'000
Foreign currency translation reserves	(a)	512	(236)
Revaluation reserves	(b)	4,912	4,912
		5,424	4,676

(a) Foreign currency translation reserves
The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Revaluation reserves
The revaluation reserves are used to record increase in fair values of land and buildings and decrease to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

20. LEASE LIABILITIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current	891	269	363	269
Non-current	702	254	316	254
	1,593	523	679	523

20. LEASE LIABILITIES (CONTINUED)

The lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Group			
2021			
Less than one year	957	(59)	898
Between one and two years	714	(19)	695
	1,671	(78)	1,593
2020			
Less than one year	290	(21)	269
Between one and two years	261	(7)	254
	551	(28)	523
Company			
2021			
Less than one year	389	(27)	362
Between one and two years	325	(8)	317
	714	(35)	679
2020			
Less than one year	290	(21)	269
Between one and two years	261	(7)	254
	551	(28)	523

21. BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Secured				
Term loans	760	1,420	-	-
Hire purchase	5,078	-	-	-
	5,838	1,420	-	-

21. BORROWINGS (CONTINUED)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current				
Secured				
Term loans	1,651	565	-	-
Hire purchase	2,279	-	-	-
Trade financing	13,454	-	13,454	-
Revolving credits	35,000	-	35,000	-
	52,384	565	48,454	-
Total borrowings	58,222	1,985	48,454	-

(a) Security

The borrowings are secured by way of:

(i) 1st party legal charge over the Property as disclosed in Note 6;
(ii) A blanket assignment for rental proceeds from the Property (Note 6) to be deposited in the Rent Account with the bank;
(iii) Fixed deposit of the Group as disclosed in Note 16; and
(iv) Corporate guarantees from the Company.

(b) Interests charged are as follows:
- term loans - 3.52% to 4.60% (2020: 3.56%) per annum.
- hire purchase obligations - 3.50% to 4.00% (2020: Nil) per annum.
- trade financing - 3.37% to 3.44% (2020: Nil) per annum.
- revolving credits - 4.26% (2020: Nil) per annum.

(c) The outstanding term loans as at the end of the financial year are repayable as follows:

	Group 2021 RM'000	Group 2020 RM'000
Term loan	2,411	1,985
Represented by:		
Current		
- Not later than one year	1,651	565
Non-current		
- Later than one year but not later than five years	760	1,420
	2,411	1,985

21. BORROWINGS (CONTINUED)

(d) Hire purchase obligations:

	Group	
	2021 RM'000	2020 RM'000
Minimum lease payments:		
- Not later than one year	2,636	-
- Later than one year but not later than five years	5,943	-
	8,579	-
Less: Unexpired term charges	(1,222)	-
	7,357	
Present value of hire purchase obligations:		
- Current portion	2,279	-
- Non-current portion	5,078	-
	7,357	-

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables	64,119	26,279	104	22,293
Other payables	11,937	3,895	3,696	3,678
Accruals	10,071	7,837	1,038	1,578
Amount due to Directors	11,350	15,433	6,667	10,730
	97,477	53,444	11,505	38,279

The normal trade credit terms granted to the Group range from 30 days to 90 days (2020: 30 days to 90 days).

The amount due to directors are unsecured, non-interest bearing and repayable upon demand.

Included in accruals is accrued construction costs amounted RM8,162,991 (2020: RM6,945,482).

23. REVENUE

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Construction related activities	361,087	79,571	55,242	67,794
Property development	8,742	15,010	-	-
Sale of goods	764	656	-	-
Rental income	508	606	-	-
Sale of medical kit and others	4,749	-	-	-
Rendering of services	10,241	-	-	-
Management fees	-	-	2,600	2,600
	386,091	95,843	57,842	70,394
Timing of revenue recognition:				
- Goods transferred at a point in time	5,513	656	2,600	2,600
- Goods and services transferred over time	380,578	95,187	55,242	67,794
	386,091	95,843	57,842	70,394
Type of revenue:				
Construction related activities	361,087	79,571	55,242	67,794
Logistics	10,241	-	-	-
Property and investment	9,250	15,616	-	-
Healthcare	5,513	656	-	-
Management fees	-	-	2,600	2,600
	386,091	95,843	57,842	70,394

24. COST OF SALES

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Construction costs	299,032	56,314	45,369	45,783
Property development costs	5,740	8,886	-	-
Service costs	7,450	-	-	-
Cost of goods sold	6,400	2,744	-	-
	318,622	67,944	45,369	45,783

25. OTHER INCOME

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Foreign exchange:				
- unrealised	154	-	146	-
- realised	92	460	-	104
Interest income	885	69	858	64
Sale of scrap	-	81	-	-
Reversal of term loan	-	745	-	-
Reversal of impairment on investment in a subsidiary (Note 8)	-	-	470	-
Gain on disposal of property, plant and equipment	99	-	-	-
Gain on disposal of subsidiaries	16	-	-	-
Insurance claim	80	-	-	-
Perkeso wage subsidy	207	81	18	14
Miscellaneous income	35	-	7	-
	1,568	1,436	1,499	182

26. PROFIT BEFORE TAX

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Auditors' remuneration:					
- current year		125	92	45	45
- prior year		(19)	24	4	-
- other services		5	5	5	5
Allowance for impairment on:					
- trade receivables and other receivables	13	168	143	-	-
- investment property	6	1,005	245	-	-
Amortisation of intangible assets	7	3	1	3	1
Indemnity insurance of Directors and officers		16	-	16	-
Unrealised loss on		-	-	-	
foreign exchange		273	222	-	141
Depreciation of:					
- property, plant and equipment	4	1,618	649	22	15
- right-of-use assets	5	546	249	299	249
- investment property	6	174	170	-	-

26. PROFIT BEFORE TAX (CONTINUED)

	Note	Group 2021 RM'000	2020 RM'000	Company 2021 RM'000	2020 RM'000
Employee benefits expenses	27	7,842	4,293	4,658	3,697
Loss on deconsolidation of subsidiaries		-	425	-	-
Inventories written off	10	-	333	-	-

27. EMPLOYEE BENEFITS EXPENSES (INCLUDING KEY MANAGEMENT PERSONNEL)

	Group 2021 RM'000	2020 RM'000	Company 2021 RM'000	2020 RM'000
Salaries, wages, allowances and bonuses	6,941	3,837	4,108	3,308
Contributions to defined contribution plans	901	456	550	389
	7,842	4,293	4,658	3,697

28. COMPENSATION TO KEY MANAGEMENT PERSONNEL

	Group 2021 RM'000	2020 RM'000	Company 2021 RM'000	2020 RM'000
Directors of the Group and the Company:				
- fees	669	661	485	465
- remuneration	552	360	390	360
- other employee benefits	370	238	343	238
	1,591	1,259	1,218	1,063
Other key management personnel:				
- remuneration	1,037	522	1,037	522
- other employee benefits	719	340	719	340
	1,756	862	1,756	862

29. FINANCE COSTS

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit and interest costs:				
- hire purchase	207	-	-	-
- term loan	104	74	-	-
- revolving credits	863	-	863	-
- trade financing	131	-	106	-
	1,305	74	969	-
- lease liabilities (Note 5)	72	31	51	31
	1,377	105	1,020	31

30. EARNINGS PER SHARE

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 30 June 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group 2021 RM'000	Group 2020 RM'000
Profit attributable to ordinary shareholders	37,463	12,786

	Group 2021 '000	Group 2020 '000
Weighted average number of ordinary shares at the beginning of year	452,331	76,150
Effect of ordinary shares on issue #	-	36,933
Effect of share split #	-	339,248
Weighted average number of ordinary shares at the end of year	452,331	452,331

	Group 2021	Group 2020
Basic and diluted earnings per ordinary share (sen)	8.28	2.83

The weighted average number of ordinary shares in issue for the previous financial year has been restated following a share split undertaken on 13 November 2020, resulting in 1 ordinary share being divided into 4 ordinary shares. Consequently, the weighted average number of ordinary shares outstanding prior to the share split has been adjusted as if the share split had occurred at the beginning of the previous financial year.

31. DIVIDENDS

	Company 2021 RM'000	2020 RM'000
In respect of the financial year ended 30 June 2020		
First and final single tier dividend of 2.26 sen per share, declared on 7 October 2020 and paid on 23 December 2020	2,556	-

The Directors did not recommend any dividend in respect of the current financial year.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of related parties

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

Key management personnel comprise persons having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) Significant transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group, the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	34,782	28,000	34,782	28,000
Professional fees	876	495	876	495

(c) Significant balances

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Related party	8,477	13,680	8,477	13,680

33. CAPITAL COMMITMENTS

Capital commitment as at the end of the financial year is as follows:

	Group	
	2021 RM'000	2020 RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements		
- Approved and contracted for	6,283	-

Other than the above, the Group has no other capital commitment as at the end of the financial year.

34. OPERATING SEGMENTS

The Group adopted *MFRS 8: Operating Segments* ("MFRS 8"). MFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

The information reported to the Management to make decisions about resources to be allocated and for assessing their performance is based on the business segments of the Group as follows:

Construction related activities	:	Engineering, procurement, construction and commissioning of energy utilities and infrastructure projects and investment holding.
Investment	:	Investment in land and buildings that are held for long term rental yields and/or capital appreciation.
Property	:	The development and construction of commercial properties.
Healthcare	:	Manufacturing, distribution and trading of healthcare related products.
Logistics	:	Transportation and forwarding services.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between operating segments took place at terms agreed between the parties.

34. OPERATING SEGMENTS (CONTINUED)

	Construction related activities RM'000	Property and Investment RM'000	Healthcare * RM'000	Logistics RM'000	Elimination RM'000	Note	Total RM'000
2021							
Revenue:							
External customers	361,087	9,250	5,513	10,241	-		386,091
Inter-segment	-	2,600	-	-	(2,600)	(a)	-
Results:							
Interest income	871	7	5	2	-		885
Finance costs	1,021	75	3	278	-		1,377
Depreciation	23	173	621	975	-		1,792
Other non-cash expenses	1,490	-	28	398	-		1,916
Segment results	50,559	2,066	(2,080)	857	-		51,402
Assets:							
Property, plant and equipment	267	-	11,652	9,371	-		21,290
Segment assets	352,901	30,909	21,443	19,602	(106,904)	(b)	317,951
Segment liabilities	201,074	24,814	24,329	12,669	(87,604)	(c)	175,282
2020							
Revenue:							
External customers	79,571	15,616	656	-	-		95,843
Inter-segment	-	2,600	-	-	(2,600)	(a)	-
Results:							
Interest income	64	5	-	-	-		69
Finance costs	31	74	-	-	-		105
Depreciation	15	170	634	-	-		819
Other non-cash expenses	222	39	437	-	-		698
Segment results	14,720	5,884	(2,698)	-	-		17,906
Assets:							
Property, plant and equipment	154	-	12,133	-	-		12,287
Segment assets	150,976	29,807	14,743	-	(28,298)	(b)	167,228
Segment liabilities	45,879	24,493	20,526	-	(29,578)	(c)	61,320

* Healthcare segment constitutes manufacturing and healthcare related activities.

34. OPERATING SEGMENTS (CONTINUED)

(a) Inter-segment revenues are eliminated on consolidation.

(b) Inter-segment assets are eliminated on consolidation.

(c) Inter-segment liabilities are eliminated on consolidation.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical segments of its customers. The presentation of revenue and non-current assets as below is at gross before elimination of inter-company balances.

	Malaysia RM'000	ASEAN RM'000	Europe RM'000	Total RM'000
2021				
Revenue from external customers	230,278	155,305	508	386,091
Non-current assets	35,884	-	-	35,884
2020				
Revenue from external customers	62,667	32,570	606	95,843
Non-current assets	12,809	-	7,626	20,435

Information about major customers

Major customers' revenues are from transactions with external customers amounting to 10% or more of the Group revenue.

The following are the major customers individually accounting for 10% or more of group revenue:

	Revenue 2021 RM'000	Revenue 2020 RM'000	Segment
Customer A	84,358	25,951	Construction related activities
Customer B	42,901	20,794	Construction related activities

35. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Carrying amount RM'000	Amortised cost RM'000
Group		
2021		
Financial assets		
Trade and other receivables	145,772	145,772
Deposits	3,519	3,519
Cash and bank balances	104,100	104,100
Total financial assets	253,391	253,391
Financial liabilities		
Trade and other payables	(97,477)	(97,477)
Lease liabilities	(1,593)	(1,593)
Borrowings	(58,222)	(58,222)
Total financial liabilities	(157,292)	(157,292)
2020		
Financial assets		
Trade and other receivables	44,302	44,302
Deposits	1,992	1,992
Cash and bank balances	89,805	89,805
Total financial assets	136,099	136,099
Financial liabilities		
Trade and other payables	(53,444)	(53,444)
Lease liabilities	(523)	(523)
Borrowings	(1,985)	(1,985)
Total financial liabilities	(55,952)	(55,952)

35. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying amount RM'000	Amortised cost RM'000
Company		
2021		
Financial assets		
Trade and other receivables	12,203	12,203
Deposits	486	486
Cash and bank balances	58,672	58,672
Total financial assets	71,361	71,361
Financial liabilities		
Trade and other payables	(11,505)	(11,505)
Lease liabilities	(679)	(679)
Borrowings	(48,454)	(48,454)
Total financial liabilities	(60,638)	(60,638)
2020		
Financial assets		
Trade and other receivables	29,600	29,600
Deposits	1,809	1,809
Cash and bank balances	87,680	87,680
Total financial assets	119,089	119,089
Financial liabilities		
Trade and other payables	(38,279)	(38,279)
Lease liabilities	(523)	(523)
Total financial liabilities	(38,802)	(38,802)

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or the Group and the Company do not anticipate the carrying amounts recorded at the financial period end to be significantly different from the values that would be eventually received or settled.

The carrying amount of current and long-term floating rate loans are reasonable approximation of fair value as the loans to be repaid to market interest rate on or near report date.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value information

Fair value hierarchy

The following are classes of financial instruments that are carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : Unadjusted quoted prices in active market for identical financial instruments.
Level 2 : Inputs other than quoted prices include within Level 1 that are observable either directly or indirectly.
Level 3 : Inputs that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Fair value of financial instrument not carried at fair value					
	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Group						
2021						
Financial liabilities						
Borrowings	21	-	-	58,222	58,222	58,222
2020						
Financial liabilities						
Borrowings	21	-	-	1,985	1,985	1,985

Policy on transfer between levels
The fair value of an asset to be transferred between levels is determined as of the date of the change in circumstances that caused the transfer.

Transfer between Level 1 and Level 2 of fair values
There has been no transfer between levels of fair values during the financial year and last financial period.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, and foreign currency risk. The Group and the Company have adopted a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Receivables

Risk management objective, policies and processes for managing the risk
The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

Exposure to credit risk
At the reporting date, the Group's maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 13 to the financial statements.

Credit risk concentration profile
The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2021		2020	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	98,694	69	27,146	63
ASEAN	44,994	31	16,205	37

Financial assets that are neither past due nor impaired
Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings.

Financial assets that are either past due or impaired
Information regarding financial assets that are past due or impaired is disclosed in Note 13 to the financial statements.

Intercompany balances

Risk management objective, policies and processes for managing the risk
The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk
At the reporting date, the maximum exposure to credit risk is presented by their carrying amounts in the statements of financial position.

Financial guarantees

Risk management objective, policies and processes for managing the risk
The Company provides secured financial guarantee to a bank in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the performance of the subsidiary companies to meet the expectation of their customers in accordance with the original terms of a contract in due course.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Financial guarantees (continued)

Exposure to credit risk
The maximum exposed to credit risk amounts to RM8,824,369 representing the outstanding banking facilities of certain subsidiary companies as at the end of the reporting year.

At the reporting date, there was no indication that the subsidiary companies would fail to meet the terms as stated in the contract.

The financial guarantee has not been recognised due to the uncertainties of timing, costs and eventual outcome.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

Risk management objective, policies and processes for managing the risk
The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

	Carrying amount RM'000	Contractual interest rate %	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
Financial liabilities					
Group					
2021					
Lease liabilities	1,593	5.00 - 6.14	898	695	1,593
Trade payables	64,119	-	64,119	-	64,119
Other payables and accruals	22,008	-	22,008	-	22,008
Contract liabilities	13,503	-	13,503	-	13,503
Amount due to Directors	11,350	-	11,350	-	11,350
Borrowings	58,222	3.37 - 4.60	52,384	5,838	58,222
2020					
Lease liabilities	523	5.25	269	254	523
Trade payables	26,279	-	26,279	-	26,279
Other payables and accruals	11,732	-	11,732	-	11,732
Contract liabilities	2,663	-	2,663	-	2,663
Amount due to Directors	15,433	-	15,433	-	15,433
Borrowings	1,985	4.00	565	1,420	1,985

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate %	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
Financial liabilities					
Company					
2021					
Lease liabilities	679	5.00 - 5.25	362	317	679
Trade payables	104	-	104	-	104
Other payables and accruals	4,734	-	4,734	-	4,734
Contract liabilities	1,672	-	1,672	-	1,672
Amount due to Directors	6,667	-	6,667	-	6,667
Borrowings	48,454	3.37 - 4.26	48,454	-	48,454
2020					
Lease liabilities	523	5.25	269	254	523
Trade payables	22,293	-	22,293	-	22,293
Other payables and accruals	5,256	-	5,256	-	5,256
Contract liabilities	84	-	84	-	84
Amount due to Directors	10,730	-	10,730	-	10,730

(c) Interest and profit rate risk

Risk management objective, policies and processes for managing the risk
The Group manages the net exposure to interest and profit rate risks by monitoring the exposure to such risks on an ongoing basis.

Exposure to interest and profit rate risk
The Group's exposure to interest rate risk arises primarily from deposits placed with licensed banks and interest-bearing borrowing.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweighs the potential risk of interest rate fluctuation.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest and rate risk (continued)

	Effective interest rate %	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group					
2021					
Financial assets					
Deposits placed with licensed banks	1.50 - 1.65	56,292	-	-	56,292
Financial liabilities					
Borrowings	3.37 - 4.60	52,384	5,838	-	58,222
2020					
Financial assets					
Deposits placed with licensed banks	1.90 - 2.80	8,232	-	-	8,232
Financial liabilities					
Borrowings	4.00	565	1,420	-	1,985

Financial instruments subject to floating interest rates are repriced regularly. Financial instruments at fixed rates are fixed until the maturity of the instruments.

Sensitivity analysis for interest rate risk
An increase in market interest rates by 1% (2020: 1%) on financial assets and liabilities of the Group which have variable interest rates at the reporting date would not have material impact to the Group profit net of tax.

A decrease in market interest rates by 1% on financial assets and liabilities of the Group which have variable interest rates at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Risk management objective, policies and processes for managing the risk
The Group and the Company manage the net exposure to foreign currency risks by monitoring the exposure to such risks on an ongoing basis. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

Exposure to foreign currency risk
The Group is exposed to foreign currency risk on sales, purchases and cash and bank balances that are denominated in a currency other than the respective functional currencies of the Group. The currency giving rise to this risk is primarily United States Dollar ("USD") and British pound.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

The Group's exposure to foreign currency risks, based on carrying amounts at the reporting date are as follows:

	Group	
	2021 RM'000	2020 RM'000
Financial assets and liabilities not held in functional currency		
Trade receivables		
USD	44,211	15,984
Cash and bank balances		
USD	3,805	-
British pound	433	279

38. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

(a) Acquisition of subsidiaries

(i) On 21 October 2020, the Company has entered into a Share Sale Agreement to acquire 2,193,000 ordinary shares in Chemtrax Sdn. Bhd., representing 51% equity interest for a total cash consideration of RM10,000,000. On 31 December 2020 the acquisition has been completed and recognised as subsidiary.

(ii) On 5 January 2021, the Company has entered into a Share Sale Agreement to acquire 5,950,000 ordinary shares in Granulab (M) Sdn. Bhd., representing 70% equity interest for a total cash consideration of RM1,000,000. On 2 April 2021 the acquisition has been completed and recognised as subsidiary.

	Recognised fair value at date of acquisition		
	Chemtrax Sdn. Bhd. RM'000	Granulab (M) Sdn. Bhd. RM'000	Total RM'000
Property, plant and equipment	7,634	140	7,774
Right-of-use assets	749	253	1,002
Inventories	66	550	616
Trade and other receivables	10,611	304	10,915
Cash and cash equivalents	1,393	73	1,466
Tax liabilities	(4,088)	-	(4,088)
Trade and other payables	(2,906)	(6,989)	(9,895)
Lease liabilities	(760)	(260)	(1,020)
Borrowings	(7,359)	-	(7,359)
Deferred tax liabilities	(1,038)	-	(1,038)
Net identifiable assets and liabilities	4,302	(5,929)	(1,627)
Add: Goodwill	7,806	5,150	12,956

38. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

(a) Acquisition of subsidiaries (continued)

	Recognised fair value at date of acquisition		
	Chemtrax Sdn. Bhd. RM'000	Granulab (M) Sdn. Bhd. RM'000	Total RM'000
Less: Non-controlling interest, measured at the proportionate share of the fair value of the net identifiable assets and liabilities	(2,108)	1,779	(329)
Purchase consideration	10,000	1,000	11,000
Less: Cash and cash equivalents acquired	(1,393)	(73)	(1,466)
Net cash outflow on acquisition of subsidiaries	8,607	927	9,534

The accounting of business combination of Granulab was based on the provisional fair values of its identifiable assets and liabilities. In accordance with MFRS 3, the Group will be carrying out the purchase price allocation exercise within 12 months from the date of acquisition. The provisional goodwill of RM5,150,000 comprises the value of expected synergies arising from the acquisition, which is not separately recognised.

(b) Incorporation of subsidiaries

(i) On 9 October 2020, the Company has subscribed 1,000,000 ordinary shares representing 100% shareholding in KPower Logistics Sdn. Bhd. for a total cash consideration of RM1,000,000.

(ii) On 18 November 2020, the Company has subscribed 1,000,000 ordinary shares representing 100% shareholding in KPower Healthcare & Technologies Sdn. Bhd. for a total cash consideration of RM1,000,000.

(iii) On 14 June 2021, the Company has subscribed 950,000 ordinary shares representing 95% shareholding in PKNP KPower Suria Sdn. Bhd. for a total cash consideration of RM950,000.

39. CAPITAL MANAGEMENT

The Group actively and regularly reviews and manages its capital structure with the objectives of ensuring that the Group will be able to continue as a going concern while maximising the return to stakeholders. These reviews take into consideration future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and strategic investment opportunities.

The capital structure of the Group consists of debt which includes borrowings (Note 21 to the financial statements), cash and cash equivalents (Statements of Cash Flows), and equity attributable to equity holders of the Company.

The Group's overall capital management strategy remains unchanged from 2020 and this includes maintaining a healthy gearing ratio taking into consideration the objectives of the Group. As at reporting date, the gearing ratio calculated as total borrowings divided by total equity is as follows:

39. CAPITAL MANAGEMENT (CONTINUED)

	Group	
	2021 RM'000	20210 RM'000
Total loans and borrowings (Note 21)	58,222	1,985
Less: Cash and cash equivalents	(51,555)	(1,985)
	6,667	-
Total equity	142,669	105,908
Net debt-to-equity ratios	0.05	-

There were no changes in the Group's approach to capital management during the year.

The Company is required to comply with the disclosure and necessary capital requirements as prescribed.

40. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 11 March 2020, the World Health Organization ("WHO") declared Covid-19 a worldwide pandemic due to rapid escalation across the globe. In Malaysia, the Government has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the Covid-19 pandemic in Malaysia.

The COVID-19 pandemic has impacted significantly on the global and domestic economies. However, the Group continues to record strong numbers throughout the financial year ended 30 June 2021 despite the various challenges posed by COVID-19. This is underpinned by the Group's construction and construction related activities locally and abroad in the segment of energy, utilities and infrastructure.

Taking consideration of the barring unforeseen circumstances, the Board and the management are optimistic on the future direction of the Group. Nevertheless, the Board and the management will closely monitor the current developments of Covid-19 pandemic which at present the operation and activities of the Group are in normal and stable operation.

41. SUBSEQUENT EVENTS

(i) On 5 July 2021, the Group has completed the sale of a freehold property known as The Lodge at 1 Princes Road, Liverpool, L8 1TG, United Kingdom for a total cash consideration of GBP1,250,000.

(ii) On 20 August 2021, PKNP KPower Suria Sdn. Bhd. ("PKSSB"), an indirect wholly-owned subsidiary company of the Group which was incorporated on 14 June 2021, entered into a large-scale solar photovoltaic power purchase agreement ("LSSPPA") with Tenaga Nasional Berhad ("TNB") to design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 50MWa.c located in Mukim Bebar, Pekan, Pahang Darul Makmur.

The LSSPPA governs the obligations of PKSSB and TNB to sell and purchase the energy generated by the facility to TNB for a period of 21 years from the commercial operation date in accordance with the agreed terms and conditions as stipulated in the LSSPPA.

(iii) On 17 September 2021, the Company has subscribed 100 ordinary shares representing 100% shareholding in KPower RE Sdn. Bhd. for a total cash consideration of RM100.

42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 13 October 2021.

UTILISATION OF PROCEEDS

The proceeds from Private Placement II and Private Placement III have been partially utilised in the following manner:

No.	Description of Utilisation	Proposed utilisation (RM'000)	Amount utilised (RM'000)	Balance as of 21 October 2021 (RM'000)
Private Placement II				
1.	Working capital for construction business	48,386	48,386	-
2.	General working capital	5,825	5,072	753
3.	Expenses in relation to the Private Placement II	1,200	1,200	-

No.	Description of Utilisation	Proposed utilisation*	Amount utilised	Balance as of 21 October 2021
		RM'000		
Private Placement III				
1.	Working capital for the following projects:			
	• 50 Megawatt ("MW") solar photovoltaic plant	19,685	10,186	9,500
	• Mini hydro power plants	24,607	6,626	17,981
	• Other up-coming projects and/or investment opportunities	16,117	-	16,117
2.	Expenses for the Private Placement III	1,107	1,107	-
Total		61,517	17,919	43,598

*Note: The Proposed Utilisation should be read in conjunction with the announcement made by the Company on 31 May 2021.

AUDIT FEES AND NON-AUDIT FEES

The audit and non-audit fees incurred for services rendered by the External Auditors of the Group for the FYE 2021 were as follows:-

	Group (RM'000)	Company (RM'000)
Audit fees	125	45
Non-audit fees	5	5
Total	130	50

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There is a material contract involving a director and major shareholder during the financial year ended 30 June 2021, as follows:

Letter of award dated 8 December 2020 from Kangsar Hidro Sdn. Bhd. ("KHSB") to undertake amongst others, the engineering, design, procurement, construction, commissioning and completion of a mini hydro power plant in Sungai Singor, Perak Darul Ridzuan, Malaysia.

KHSB is a joint venture entity between Yayasan Perak, a state agency under the Perak State of Malaysia (Yayasan Perak) and Kangsar Capital Sdn. Bhd. ("Kangsar Capital"), a wholly-owned subsidiary of OHP Ventures Sdn. Bhd.

Mustakim bin Mat Nun ("Interested Director") is the Deputy Chairman and Group Managing Director and substantial shareholder of KPower. Mustakim currently holds 5.10% direct interest in KPower and 9.22% indirect interest in KPower via Grand Deal Vision Sdn. Bhd. He is also the Director and major shareholder of OHP Ventures Sdn. Bhd., an indirect shareholder of KHSB with an effective interest of 85%, and accordingly, he is deemed interested in the contract.

Amirul Afif bin Abd Aziz is the Group Chief Financial Officer of KPower. Currently, he holds 1.11% direct interest in KPower. He is also the Director and major shareholder of OHP Ventures Sdn. Bhd., an indirect shareholder of KHSB with an effective interest of 85%, and accordingly, he is deemed interested in the contract.

RECURRENT RELATED PARTY TRANSACTIONS

In accordance with Paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Securities, the details of the recurrent related party transactions transacted during the financial year ended 30 June 2021 pursuant to the shareholders' mandate are as follows:-

Related Party	Interested Director/Major Shareholder/Persons connected	Nature of Transaction	Total Value of Transaction (RM'000)
OHP Capital Sdn. Bhd. and its subsidiaries companies ("OHP Group")	• Mustakim bin Mat Nun • Amirul Afif bin Abd Aziz	Provision of construction and project management services by KPower for projects owned by OHP Group under the infrastructure, utility, energy and logistic sectors.	34,782

LIST OF PROPERTIES

Material Properties	Brief Description	Existing use	Tenure	Approx. age of building	Net book value	Location	Date of last revaluation
Bentong textile manufacturing factory Address: No. 53, 3 ¾ Mile, Jalan Bentong-Kuala Lumpur, 28700 Bentong, Pahang Darul Makmur, Malaysia.	Building	Factory and office	Freehold	40 years	RM12,764,556	Bentong, Pahang, Malaysia	29 July 2019

ANALYSIS OF SHAREHOLDINGS

As of 21 October 2021

Number of Issued Shares : 542,796,777
Class of Securities : Ordinary shares
Voting Rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Shareholders	%	Total No. of Shares	%
Less than 100	96	0.416	1,871	0.000
100 - 1,000	4,558	19.796	3,122,497	0.575
1,001 – 10,000	13,355	58.004	61,736,902	11.373
10,001 – 100,000	4,595	19.957	129,389,385	23.837
100,001 - Less than 5% of issued capital	418	1.815	221,680,266	40.840
5% and above of issued capital	2	0.008	126,865,856	23.372
Total	**23,024**	**100.000**	**542,796,777**	**100.000**

ANALYSIS OF SHAREHOLDINGS

As of 21 October 2021

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

(Without Aggregating Securities From Different Securities Accounts Belonging To The Same Registered Holder)

No.	Name	Holdings	%
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	86,255,779	15.890
2	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD ABDUL KARIM BIN ABDULLAH	40,610,077	7.481
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GRAND DEAL VISION SDN. BHD.	25,930,000	4.777
4	MUSTAKIM BIN MAT NUN	21,072,800	3.882
5	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GRAND DEAL VISION SDN. BHD. (MARGIN)	17,350,000	3.196
6	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD ABDUL KARIM BIN ABDULLAH	12,400,000	2.284
7	KENANGA NOMINEES (TEMPATAN) SDN BHD SENTOSA JAYA CAPITAL SDN BHD FOR GRAND DEAL VISION SDN BHD	5,330,000	0.981
8	TAN YU YEH	5,200,000	0.958
9	HUANG TIONG SII	5,010,900	0.923
10	AMIRUL AFIF BIN ABD AZIZ	4,407,120	0.811
11	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUSTAKIM BIN MAT NUN (MARGIN)	2,650,000	0.488
12	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR	2,490,000	0.458
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	2,210,350	0.407
14	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG CONSUMER PRODUCTS SECTOR FUND	2,050,000	0.377
15	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,000,400	0.368

30 LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS (CONTINUED)

No.	Name	Holdings	%
16	MUSTAKIM BIN MAT NUN	1,875,000	0.345
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MUSTAKIM BIN MAT NUN	1,680,800	0.309
18	INNOLESTARI SDN BHD	1,580,000	0.291
19	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	1,569,400	0.289
20	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GRAND DEAL VISION SDN. BHD. (MX3884)	1,440,000	0.265
21	SIOW CHOON TONG	1,170,400	0.215
22	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	1,142,600	0.210
23	SU-AZIAN @ MUZAFFAR SYAH BIN ABD RAHMAN	1,130,000	0.208
24	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	1,073,600	0.197
25	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHIK ABDUL HAFEZ BIN HAIDAR	1,070,000	0.197
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM ANN HUAT	1,068,500	0.196
27	TAN CHENG KEAT	1,060,100	0.195
28	GAN KIAN SOON	1,023,000	0.188
29	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY PIN SUN	1,009,000	0.185
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PERFECT HEXAGON COMMODITY & INVESTMENT BANK LIMITED FOR MOHD ABDUL KARIM BIN ABDULLAH	1,000,000	0.184

SUBSTANTIAL SHAREHOLDERS AS OF 21 OCTOBER 2021

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah*	132,788,312	24.464	-	-
Grand Deal Vision Sdn. Bhd.	50,050,080	9.221	-	-
Mustakim bin Mat Nun	27,664,600	5.097	50,050,080**	9.221
Sarah Azreen binti Abdul Samat	-		50,050,080**	9.221

Notes:-

* *Held under Director's name and nominee accounts.*

** *Deemed interested by virtue of his/her shareholdings in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

DIRECTORS' SHAREHOLDINGS AS OF 21 OCTOBER 2021

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Dr. Ir. Ts. Mohd Abdul Karim bin Abdullah*	132,788,312	24.464	-	-
Mustakim bin Mat Nun	27,664,600	5.097	50,050,080**	9.221
Sarah Azreen binti Abdul Samat	-	-	50,050,080**	9.221
Dato' Arivalagan A/L Arujunan	-	-	-	-
Kok Pauline	-	-	-	-
Tan Yee Hou	-	-	-	-

Notes:-

* *Held under Director's name and nominee accounts.*

** *Deemed interested by virtue of his/her shareholdings in Grand Deal Vision Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting ("**24th AGM**") of KPower Berhad (formerly known as Kumpulan Powernet Berhad)("**KPower**" or "**the Company**") will be conducted on virtual basis through live streaming from the broadcast venue at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur ("**Broadcast Venue**") using the Remote Participation and Voting facilities provided by One Capital Market Services Sdn. Bhd. ("**One Capital**" or "**Poll Administrator**") via http://www.onecapital.com.my/ on **Tuesday, 14 December 2021 at 3.00 p.m.** to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon.
   [Please refer to Explanatory Note 1 on Ordinary Business]

2. To approve the payment of Directors' fees of up to RM996,000.00 for the period from the conclusion of the 24th AGM until the next Annual General Meeting of the Company.
   (Ordinary Resolution 1)
   [Please refer to Explanatory Note 2 on Ordinary Business]

3. To approve the payment of Directors' benefits of up to RM474,332.00 for the period from the conclusion of the 24th AGM until the next Annual General Meeting of the Company.
   (Ordinary Resolution 2)
   [Please refer to Explanatory Note 2 on Ordinary Business]

4. To approve the ratification of the payment of Directors' benefits in relation to Group Hospitalisation and Surgical Care Takaful and Group Term Takaful of up to RM28,374.00 for the financial year ended 30 June 2021.
   (Ordinary Resolution 3)
   [Please refer to Explanatory Note 2 on Ordinary Business]

5. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Constitution of the Company:-
   [Please refer to Explanatory Note 3 on Ordinary Business]

   (i) Mustakim bin Mat Nun **(Ordinary Resolution 4)**
   (ii) Tan Yee Hou **(Ordinary Resolution 5)**

6. To re-appoint Messrs Al Jafree Salihin Kuzaimi PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.
   (Ordinary Resolution 6)

Special Business

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:

7. Ordinary Resolution
Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016
(Ordinary Resolution 7)
[Please refer to Explanatory Note 1 on Special Business]

"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 and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company."

8. **Ordinary Resolution**
Proposed renewal of existing shareholders' mandate and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature

(Ordinary Resolution 8)
[Please refer to Explanatory Note 2 on Special Business]

"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 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 of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") (but must 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."

9. **Ordinary Resolution**
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

(Ordinary Resolution 9)
[Please refer to Explanatory Note 3 on Special Business]

THAT subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company, Bursa Malaysia Securities Berhad 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 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.

10. To consider any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

Wong Wai Foong (SSM P.C. No. 202008001472) (MAICSA 7001358)
Tan Hsiao Yuen (SSM P.C. No. 201908002342) (MAICSA 7056952)
Company Secretaries

Kuala Lumpur
29 October 2021

Notes:-

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

   Shareholders **WILL NOT BE ALLOWED** to attend the 24th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, participate (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 24th AGM via Remote Participation and Voting facilities ("**RPV**") provided by One Capital.

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the 24th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this 24th AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 7 December 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 24th AGM via RPV.

3. A member who is entitled to participate in this 24th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the 24th AGM via RPV.

5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. A member who has appointed a proxy or attorney or authorised representative to attend, participate, and vote at this 24th AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via http://www.onecapital.com.my/ or send an email to info@onecapital.com.my. Procedures for RPV can be found in the Administrative Guide for the 24th AGM.

9. Members who appoint proxies to participate via RPV in the 24th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form to the Poll Administrator of the Company at Level 18, Plaza VADS, No. 1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, or by fax to 03 7732 7997 or email to info@onecapital.com.my not not less than forty-eight (48) hours before the time appointed for holding the 24th AGM or adjourned general meeting at which the person named in the appointment proposes to vote.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the proxy form is **Sunday, 12 December 2021 at 3.00 p.m.**

12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Poll Administrator of the Company at One Capital Market Services Sdn. Bhd., Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 24th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

13. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Poll Administrator of the Company at One Capital Market Services Sdn. Bhd., Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        (a) at least two (2) authorised officers, of whom one shall be a director; or

        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial year ended 30 June 2021

This item is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

2. Ordinary Resolutions 1 to 3: Payment of Directors' fees and benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees for the period from the conclusion of the 24th AGM until the next AGM of the Company, calculated based on the size of the current Board of Directors ("**Board**") and expansion of Board Members.

The proposed Ordinary Resolution 2 for the Directors' benefits such as meeting allowances payable to the Directors is calculated based on the current board size and the number of scheduled meetings for the period from the conclusion of the 24th AGM until the next AGM of the Company. It also includes Directors' and Officer's Liability Insurance, Group Hospitalisation and Surgical Care Takaful, Group Term Takaful and Keyman Policy.

In the event the proposed Directors' fees and/or benefits are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the under-provision.

The proposed Ordinary Resolution 3 is in relation to the ratification of the Group Hospitalisation and Surgical Care Takaful and Group Term Takaful which payment has been made during the financial year ended 30 June 2021.

3. Ordinary Resolutions 4 to 5: Re-election of Directors

Encik Mustakim bin Mat Nun and Mr Tan Yee Hou are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 24th AGM.

The Board has through the Nomination Committee ("NC"), considered the assessment of the said Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The Board has also through the NC assessed the independence of Mr Tan Yee Hou and satisfied that he has complied with the criteria on independence as prescribed by the Listing Requirements of Bursa Securities.

The profiles of the Directors who are subject for re-election are set out in the Annual Report 2021.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 7: Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Resolution 7 is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, and if passed, will give the Directors of the Company, from the date of the above AGM, authority to allot shares in the Company up to and not exceeding in total ten per cent (10%) of the total number of issued shares of the Company for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

This general mandate is a renewal of the last general mandate granted to the Directors at 23rd AGM held on 9 December 2020 and which will lapse at the conclusion of 24th AGM. The renewal of this general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

The Company had on 4 October 2021 issued and allotted a total of 90,466,129 new ordinary shares at RM0.68 per share under a private placement exercise ("**Private Placement**") pursuant to the general mandate which was approved by the shareholders at the Company's 23rd AGM held on 9 December 2020. The total proceeds raised from the Private Placement exercise and the status of utilisation are as follows:-

Utilisation purposes	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance (RM'000)	Expected utilisation timeframe
Working Capital for the following projects:				Within 18 months
• 50 Megawatt ("MW") solar photovoltaic plant	19,685	10,186	9,500	Within 18 months
• Mini hydro power plants	24,607	6,626	17,981	Within 18 months
• Other up-coming projects and/or investment opportunities	16,117	-	16,117	Within 18 months
Expenses in relation to the Private Placement III		1,107	-	Immediately
Total proceeds	61,517	17,919	43,598	-

2. **Ordinary Resolution 8: Proposed renewal of existing shareholders' mandate and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

   The proposed Ordinary Resolution 8, if passed, is primarily to renew its existing mandate and procure new mandate by authorising the Group to enter into recurrent related party transactions with the related parties which are necessary for the day-to-day operations of the Group and are made on an arm's length basis, on normal commercial terms and transaction prices that are not more favourable to the related parties than those generally made available to the public and which are not detrimental to the interest of the minority shareholders.

   Please refer to Part A of the Circular to Shareholders dated 29 October 2021 for further information.

3. **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**

   The proposed Ordinary Resolution 9, if passed, will allow the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to ten per centum (10%) of the total number of issued shares of the Company.

   Please refer to Part B of the Statement to Shareholders dated 29 October 2021 for further details.

KPOWER BERHAD

PROXY FORM

(FORMERLY KNOWN AS KUMPULAN POWERNET BERHAD)
[Registration No. 199701003731 (419227-X)]
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

I/We ____ Tel: ____________________
[Full name in block and as per NRIC/Passport/Company No.]
of ____

____

being member(s) of **KPower Berhad (formerly known as Kumpulan Powernet Berhad)**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact no. & Email Address			

and / or^

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Contact no. & Email Address			

or failing him/her, the Chairperson of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the Twenty-Fourth Annual General Meeting ("**24th AGM**") of the Company which will be conducted on virtual basis through live streaming from the broadcast venue at Level 18, Plaza VADS, No.1, Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000 Kuala Lumpur ("**Broadcast Venue**") using the Remote Participation and Voting facilities provided by One Capital Market Services Sdn. Bhd. ("**One Capital**" or "**Poll Administrator**") via http://www.onecapital.com.my/ on **Tuesday, 14 December 2021** at **3.00 p.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Resolution	Description of Resolution	For	Against
1.	Payment of Directors' fees for the period from the conclusion of the 24th AGM until the next Annual General Meeting of the Company		
2.	Payment of Directors' benefits for the period from the conclusion of the 24th AGM until the next Annual General Meeting of the Company		
3.	Ratification of payment of Directors' benefits in relation to Group Hospitalisation and Surgical Care Takaful and Group Term Takaful for the financial year ended 30 June 2021		
4.	Re-election of Encik Mustakim bin Mat Nun as Director		
5.	Re-election of Mr Tan Yee Hou as Director		
6.	Re-appointment of Messrs Al Jafree Salihin Kuzaimi PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
7.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	Proposed renewal of existing shareholders' mandate and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
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		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this ____________ day of ________________ 2021

____

Signature*
Member

Fold this flap for sealing

^ Delete whichever is inapplicable

** Manner of execution:*

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

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AFFIX
STAMP

KPOWER BERHAD
(FORMERLY KNOWN AS KUMPULAN POWERNET BERHAD)
[Registration No. 199701003731 (419227-X)]

ONE CAPITAL MARKET SERVICES SDN. BHD.
[201901023363 (1332692-M)]
Level 18, Plaza VADS,
No.1, Jalan Tun Mohd Fuad,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur,
Malaysia.

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Notes:-

1. IMPORTANT NOTICE

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Please read these Notes carefully and follow the procedures in the Administrative Guide for the 24th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this 24th AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 7 December 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 24th AGM via RPV.

3. A member who is entitled to participate in this 24th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the 24th AGM via RPV.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate, and vote at this 24th AGM via RPV **must request his/her proxy or attorney or corporate representative to register himself/herself for RPV** via http://www.onecapital.com.my/ or send an email to info@onecapital.com.my. Procedures for RPV can be found in the Administrative Guide for the 24th AGM.
9. Members who appoint proxies to participate via RPV in the 24th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form to the Poll Administrator of the Company at Level 18, Plaza VADS, No. 1, Jalan Tun Mohd Fuad, Taman Tun Dr. Ismail, 60000 Kuala Lumpur or by fax at 03 7732 7997 or email to info@onecapital.com.my not less than forty-eight (48) hours before the time appointed for holding the 24th AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is **Sunday, 12 December 2021** at **3.00 p.m.**
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Poll Administrator of the Company at Level 18, Plaza VADS, No. 1, Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000, Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 24th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Poll Administrator of the Company at Level 18, Plaza VADS, No. 1, Jalan Tun Mohd Fuad, Taman Tun Dr Ismail, 60000, Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:
    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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Sustainability Through Diversity

KPower Berhad
(formerly known as Kumpulan Powernet Berhad)
[199701003731 (419227-X)]
A Public Listed Company On Bursa Malaysia (Code: 7130)

C1-1-1, Solaris Dutamas, No. 1, Jalan Dutamas 1
50480 Kuala Lumpur, Malaysia.
T: 03 6203 2929 F: 03 6203 2939
E: enquiry@kpower.com.my