

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has conducted a limited review of this Circular pursuant to Practice Note 18 of the Main Market Listing Requirement of Bursa Securities.

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

POWERNET
KUMPULAN POWERNET BERHAD
199701003731 (419227-X)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The proposed resolution in respect of the above proposal will be tabled at the Extraordinary General Meeting ("EGM") to be held at Banquet Hall, Level 1, Main Lobby, TPC Kuala Lumpur, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on 28 November 2019 at 11.00 a.m or immediately after the conclusion or adjournment (as the case may be) of the Twenty-Second Annual General Meeting of the Company which will be held at 10.00 a.m on the same day at the same venue, whichever is later.

Shareholders are advised to refer to the Notice of the EGM and the Form of Proxy which are included in this Circular. The Form of Proxy must be completed and lodged at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last time and date for lodging the Form of Proxy : Tuesday, 26 November 2019 at 11.00 a.m
Date and time of the EGM : Thursday, 28 November 2019 at 11.00 a.m

DEFINITIONS

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

- “Act” : Companies Act, 2016, as amended from time to time and any re-enactment thereof
- “AGM” : Annual General Meeting
- “The Board” or “The Directors” : Board of Directors of Kumpulan Powernet Berhad
- “Bursa Securities” : Bursa Malaysia Securities Berhad
- “Director(s)” : Shall have the meaning given in Section 2(1) of the Capital Markets and Service Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of the Company or any other company which is its subsidiary or holding company or a chief executive of KPower or its subsidiary or holding company
- “EGM” : Extraordinary general meeting
- “Interested Related Party(ies)” : The Director(s), Major Shareholder(s) and/or Person(s) Connected who are deemed interested in the RRPT
- “KPower” or “the Company” : Kumpulan Powernet Berhad 199701003731 (419227-X)
- “KPower Group” : KPower and its subsidiary companies
- “LPD” : 31 October 2019, being the latest practicable date prior to the printing of this Circular
- “Main Market Listing Requirements” : Main Market Listing Requirements of Bursa Securities, as may be amended or modified from time to time
- “Major Shareholder(s)” : Any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company (including its subsidiary or holding corporation) who has an interest or interests in one or more voting shares in the Company and the member, or the aggregate number of those shares, is:
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.
- For the purpose of this definition, “interests in shares” shall have the meaning given in Section 8 of the Act.
- “OHP” : OHP Capital Sdn Bhd 201801030466 (1292492-K)
- “OHP Group” : OHP and its subsidiary companies

DEFINITIONS (CONT'D)

“Person(s) Connected”	: Such person, in relation to the Director or Major Shareholder, who falls under any one of the following categories: <ul style="list-style-type: none">(a) a family member of the Director or Major Shareholder;(b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or family member of the Director or Major Shareholder is the sole beneficiary;(c) a partner of the Director, Major Shareholder;(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;(f) a body corporate in which the said Director or Major Shareholder, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or(g) a body corporate which is a related corporation of the said Director or Major Shareholder.
“RRPT”	: Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries in the ordinary course of business of KPower Group
“Proposed RRPT Mandate”	: Proposed shareholders’ mandate for RRPT to be entered into by KPower
“RPTs”	: Transactions with Related Parties
“Related Party(ies)”	: Director(s), major shareholder(s) and Person(s) Connected
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“SD”	: Serba Dinamik Holdings Berhad 201501042584 (1167905-P)
“SD Group”	: SD and its subsidiary companies

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

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

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

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POWERNET
KUMPULAN POWERNET BERHAD
199701003731 (419227-X)
(Incorporated in Malaysia)

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

13 November 2019

Board of Directors:

Dato' Haji Roshidi Bin Haji Hashim, *Independent Non-Executive Chairman*
Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah, *Non-Independent Non-Executive Deputy Chairman*
Mustakim Bin Mat Nun, *Managing Director*
Dato' Arivalagan A/L Arujunan, *Executive Director*
Fong Wai @ Foong Kai Ming, *Executive Director*
Kok Pauline, *Independent Non-Executive Director*
Tan Yee Hou, *Independent Non-Executive Director*

To: **The Shareholders of Kumpulan Powernet Berhad**

Dear Sir/Madam,

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE")

1. INTRODUCTION

On 5 November 2019, the Board had announced the Company's intention to seek the shareholders' approval for KPower Group to enter into the RRPT with Related Parties which is necessary for its day-to-day operations.

The purpose of this Circular is to provide you the details of the Proposed RRPT Mandate and to seek your approval for the ordinary resolution in respect thereof to be tabled at the forthcoming EGM of the Company to be convened on Thursday, 28 November 2019 at Banquet Hall, Level 1, Main Lobby, TPC Kuala Lumpur, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on 28 November 2019 at 11.00 a.m or immediately upon the conclusion of the Twenty-Second Annual General Meeting of the Company which will be held at 10.00 a.m on the same day and at the same venue, whichever is later. The Notice of the EGM and the Form of Proxy are set out in this Circular.

Shareholders are advised to read the contents of this Circular carefully before voting on the ordinary resolution pertaining to the Proposed RRPT Mandate at the forthcoming EGM.

2. DETAILS OF THE PROPOSED RRPT MANDATE

2.1 Main Market Listing Requirements

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

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

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

Accordingly, the Board proposes to seek shareholders' approval for the Proposed Shareholders' RRPT Mandate.

2.2 Information on the RRPT

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

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

2.2.1 Principal Activities of KPower Group

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

Name of companies	Effective Equity Interest (%)	Principal Activities
Direct subsidiary:		
Powernet Industries Sdn. Bhd. ("PISB")	100.00	Manufacture of warp-knitted fabrics
Powernet Properties Sdn. Bhd ("PPSB")	100.00	Property investment
Hypergize Link Sdn Bhd ("HLSB")	100.00	Investment holding
Zelinn Limited ("Zelinn")	100.00	Investment holding
CBG Builders Sdn Bhd ("CBGB")	51.00 ⁽¹⁾	Property development
CBG Capital Sdn Bhd ("CBGC")	51.00 ⁽²⁾	Property development

Notes:

(1) As at the LPD, Chong Wei Binajaya Sdn. Bhd holds the remaining 49% equity interest in CBGB.

(2) As at the LPD, the remaining equity interest of CBGC is held by the following:

Name of Shareholder	Effective Equity Interest
Chong Wei Binajaya Sdn. Bhd.	48.98%
Chew Chee Bor	0.01%
Dato' Jamal Nasir Bin Rasdi	0.01%

2.2.2 Related Parties to which the Proposed RRPT Mandate applies

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

Related Parties	Relationship
OHP Group	<p>: OHP is a private limited company of which 51% of its equity interest is held by Mustakim Bin Mat Nun ("Mustakim") and 30% of its equity interest is held by Amirul Afif Bin Abd Aziz ("Amirul") as at the LPD.</p> <p>Mustakim is the Managing Director and Major Shareholder of KPower. He is also the Director of PPSB, HLSB and Zelinn. Mustakim currently holds 15.10% indirect interest in KPower via Grand Deal Vision Sdn Bhd as at the LPD.</p> <p>Amirul is currently the Group Chief Financial Officer of KPower as well as the Director of PISB, PPSB, HLSB and Zelinn. He currently holds 0.21% direct interest in KPower as at the LPD.</p>

Related Parties	Relationship
SD Group	<p data-bbox="632 219 1359 349">: SD is a company listed on the Main Board of Bursa Securities of which 23.61% of the equity interest is held by Dato' Dr. Ir. Mohd Abdul Karim Bin Abdullah ("Dato' Dr. Karim") as at the LPD.</p> <p data-bbox="663 385 1359 448">Dato' Dr. Karim is also the Group Managing Director / Group Chief Executive Officer of SD.</p> <p data-bbox="663 483 1359 613">Dato' Dr. Karim is currently the Non-Executive Deputy Chairman of KPower. As a the LPD, he is the largest shareholder of KPower, holding 37.77% equity interest in KPower.</p> <p data-bbox="663 649 1359 878">On 2 October 2019, Dato' Dr. Karim extended a mandatory take-over offer to acquire all the remaining KPower shares not already owned by him and persons acting in concert with him ("Offer Shares"), at a cash consideration of RM1.00 per Offer Shares ("Offer"). The Offer has become unconditional as to the level of acceptances on 3 October 2019.</p> <p data-bbox="663 913 1359 976">The Offer is open for acceptances until 5.00 p.m. on Wednesday, 13 November 2019.</p>

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2.2.3 Classes of Related Parties and Nature of Transactions

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

Transacting Company ⁽¹⁾	Transacting Related Party	Interested Major Shareholder / Director	Nature of Transactions	Estimated aggregate value of the RRPT to be entered into from the forthcoming EGM to the next AGM (RM'000) ⁽²⁾
KPower	OHP Group	Mustakim Amirul	Provision of construction and project management services by KPower for projects owned by OHP Group under the infrastructure, utility, energy and logistic sectors.	200,000
KPower	SD Group	Dato' Dr. Karim	Provision of construction and project management services by Kpower for projects undertaken by SD Group under the infrastructure, utility, energy and logistic sectors.	300,000

Notes:

- (1) The Company will obtain the necessary license(s), if required, in order to undertake the RRPT.
- (2) The values are merely indicative estimates for the period from the forthcoming EGM to the next AGM based on progress of the project. Due to the nature of the transactions, the actual values of the transactions may vary significantly from the estimated values disclosed.

2.2.4 Review and Disclosure Procedures

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

The review and approval procedures are as follows:

- (i) The terms and conditions of the transactions will be determined by the usual commercial terms or in accordance with applicable industry norm.
- (ii) Records will be maintained by the Company to record all the RRPT entered into to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to.
- (iii) To ensure that such RRPT are conducted at arm's length and on normal commercial terms consistent with KPower Group's usual business practices and policies and will not be prejudicial to the shareholders of the Company, the transaction with the Related Parties will only be entered into after taking into account factors such as pricing, quality, delivery schedules and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, the terms offered are fair and reasonable and in the commercial interest.
- (iv) ensure that the terms offered to KPower Group are comparable with those offered by other unrelated parties for the same or substantially similar type of services in respect of provision and/or supply and/or receipt of services.
- (v) Wherever practicable and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products and/or services and/or quantities will be used as comparison, wherever possible for determining whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products and/or services and/or quantities.
- (vi) There are no specific thresholds for approval of RRPT. All RRPT are reviewed and authorised by Managing Director and ultimately approved by Audit Committee, provided always that such personnel have no interest in the transaction and the said transaction has been approved pursuant to a shareholders' mandate obtained at an EGM for RRPT.
- (vii) If a member of the Board and/or Audit Committee has an interest (direct or indirect) in particular transaction, as the case may be, the Director concerned shall abstain from deliberation and any decision making in respect of the RRPT.
- (viii) Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of RRPT transactions conducted, types of transactions made, name of the related parties involved and their relationship with the Group pursuant to Proposed RRPT Mandate during the financial year, and in the Annual Reports for subsequent financial years in which the Proposed RRPT Mandate continues to be in force.

- (ix) In addition to the aforesaid procedures, the Audit Committee will undertake:
 - (a) to periodically reviews the procedures set by KPower Group to monitor related party transactions to ascertain that they have been complied with. In its review, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals;
 - (b) to review from time to time, status reports on contracted works being performed by KPower Group which are RRPT to ascertain the progress of works;
 - (c) to consider from time to time whether the established guidelines and procedures for the RRPT have become inappropriate, and are unable to ensure that transactions will be on normal commercial terms, and will prejudice the interest of shareholders generally.

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

2.2.5 Statement by Audit Committee

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

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

2.2.6 Disclosure

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

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

3. RATIONALE AND BENEFITS FOR THE PROPOSED RRPT MANDATE

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

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

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

4. EFFECTS OF THE PROPOSED RRPT MANDATE

The Proposed RRPT Mandate will not have any impact on the share capital, shareholding structure, gearing and net assets of KPower Group. The Proposed RRPT Mandate is expected to contribute positively to KPower Group's earnings for the financial year ending 30 June 2020.

5. VALIDITY PERIOD FOR THE PROPOSED RRPT MANDATE

If approved at the forthcoming EGM, the Proposed RRPT Mandate of the Company will take effect from the date of the passing of the Ordinary Resolution relating thereto at the forthcoming EGM and will continue in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming EGM, at which time the said mandate will lapse, unless by a resolution passed at the meeting, the mandate is renewed; or
- (ii) the expiration of the period within which the next AGM of KPower is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier.

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

6. APPROVAL REQUIRED

The Proposed RRPT Mandate is subject to the approval of the shareholders of KPower at the forthcoming EGM to be convened.

7. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS AND PERSONS CONNECTED

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

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
<u>Interested Director and Interested Major Shareholder</u>				
Dato' Dr. Karim	28,763,541	37.77	-	-
Mustakim	-	-	11,500,000 ⁽¹⁾	15.10
Grand Deal Vision Sdn Bhd	11,500,000	15.10	-	-

Note:

(1) Deemed interested by virtue of his shareholdings in Grand Deal Vision Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

The abovementioned interested Directors and interested Major Shareholders namely Dato' Dr. Karim and Mustakim have abstained and will continue to abstain from the Board's deliberations and will also abstain from voting in respect of his direct and/or indirect shareholdings in KPower, on the resolution approving the Proposed RRPT Mandate at the forthcoming EGM.

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

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

8. DIRECTORS' RECOMMENDATION

The Board of Directors (with the exception of Dato' Dr. Karim and Mustakim) having considered all aspects of the Proposed RRPT Mandate is of the opinion that the Proposed RRPT Mandate is in the best interest of the Company. Accordingly, the Board (with the exception of Dato' Dr. Karim and Mustakim) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed RRPT Mandate to be tabled at the forthcoming EGM.

9. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Banquet Hall, Level 1, Main Lobby, TPC Kuala Lumpur, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 28 November 2019 at 11.00 a.m. or immediately upon the conclusion of the Twenty-Second Annual General Meeting of the Company which will be held on the same day and at the same venue at 10.00 a.m., whichever is later, for the purpose of considering and if thought fit, passing the ordinary resolution so as to give effect to the Proposed RRPT Mandate in the EGM.

If you are unable to attend and vote in person at the EGM, please complete the Form of Proxy in accordance with the instructions contained therein and forward it to the office of the Company's 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, Malaysia not later than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming EGM should you subsequently wish to do so.

10. FURTHER INFORMATION

Shareholders of KPower are advised to refer to Notice of EGM for further information.

Yours faithfully
For and on behalf of the Board of
KUMPULAN POWERNET BERHAD

DATO' HAJI ROSHIDI BIN HAJI HASHIM
Independent Non-Executive Chairman

APPENDIX A – FURTHER INFORMATION

I. DIRECTORS' RESPONSIBILITY STATEMENT

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

II. MATERIAL CONTRACTS

As at LPD, there are no material contracts (not being contracts entered into in the ordinary course of business), which have been entered into by KPower Group during the two (2) years immediately preceding the date of this Circular.

III. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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

IV. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) Constitution of KPower; and
- (ii) Audited consolidated financial statements of KPower for the past 2 financial years ended 30 June 2019 and 30 June 2018.

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KUMPULAN POWERNET BERHAD 199701003731 (419227-X)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of Kumpulan Powernet Berhad (“the Company”) will be held at **Banquet Hall, Level 1, Main Lobby, TPC Kuala Lumpur, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on 28 November 2019, Thursday at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Twenty-Second Annual General Meeting of the Company** which will be held at 10.00 a.m on the same day at the same venue, whichever is later, for the purpose of considering and, if thought fit, passing the following resolution with or without any modifications:-

ORDINARY RESOLUTION

Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“THAT subject to the provisions 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 Section 2.2 of the Circular to Shareholders dated 13 November 2019, provided that such arrangements and/or transactions which 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 RRPT Mandate”).

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

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

whichever is earlier.

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

BY ORDER OF THE BOARD

Wong Wai Foong (MAICSA 7001358)

Yap Sit Lee (MAICSA 7028098)

Company Secretaries

Kuala Lumpur

13 November 2019

Notes:

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies and vote in his/her stead. A proxy need not be a member of the Company.
- b) A member may appoint up to two (2) proxies to attend and vote in his stead except where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account held by it with ordinary shares of the Company standing to the credit of the said securities account.
- c) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- d) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- e) The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.
- f) The instrument appointing a proxy must be deposited at the Share Registrar's office located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or at any adjournment thereof.
- g) Only members whose names appear in the Record of Depositors as at 20 November 2019 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

KUMPULAN POWERNET BERHAD 199701003731 (419227-X)

I/We _____
(full name in block letters)

NRIC No./CompanyNo. _____ of _____

(full address)

being a Member/Members of **KUMPULAN POWERNET BERHAD** hereby appoint

NRIC No. _____
(full name in block letters)

of _____
(full address)

or failing whom, _____ NRIC No. _____
(full name in block letters)

of _____
(full address)

*or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the forthcoming Extraordinary General Meeting of the Company to be held at **Banquet Hall, Level 1, Main Lobby, TPC Kuala Lumpur, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 28 November 2019 at 11.00 a.m or immediately after the conclusion or adjournment (as the case may be) of the Twenty-Second Annual General Meeting of the Company which will be held at 10.00 a.m on the same day at the same venue, whichever is later.***

NO.	RESOLUTION	*FOR	*AGAINST
Ordinary Resolution			
1.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(*Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this _____ day of _____, 2019.

Signature or Common Seal of Shareholder

Contact Number:

CDS Account No. :
Number of shares held:
If more than 1 proxy, please specify number of shares represented by each proxy
Name of Proxy 1:
Number of Shares:
Name of Proxy 2:
Number of Shares:



Fold this flap for sealing

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies and vote in his/her stead. A proxy need not be a member of the Company.
2. A member may appoint up to two (2) proxies to attend and vote in his stead except where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account held by it with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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AFFIX
STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia.

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4. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised.
6. The instrument appointing a proxy must be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or at any adjournment thereof.
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