

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-THIRD ANNUAL GENERAL MEETING (“23RD AGM”) OF THE COMPANY HELD ON WEDNESDAY, 9 DECEMBER 2020 AT 10.00 A.M.

1. Is Kumpulan Powernet Berhad (“KPower” or “the Company”)’s vision of achieving RM1 billion market capitalisation by end of 2021 still achievable?

The Company’s Response:

Market conditions permitting, the Company believes that RM1 billion market capitalisation target is achievable. Internally, the Group is comfortable with its long-term target, business direction and business plan. In addition, the Group continues to undertake various measures internally to strengthen its organisation structure, capital resources and technical capabilities, so as to enable the Group to strive in all its business undertakings, both locally and abroad, to achieve higher market capitalisation.

Despite the challenging business environment in 2020 due to the impact brought by the COVID-19 pandemic, the Group hopes that with the rolling out of vaccine for COVID-19 in the recent and coming days, those challenges could be overcome and the business environment will recover soon.

2. As stated in the Company’s Annual Report 2020, the Company will venture into the healthcare and technologies sector. What is the actual timeframe and estimated contribution of the new venture to the revenue and profit of the Group?

The Company’s Response:

The Group is keen to explore business opportunities in healthcare and medical products, focusing on technology applications and solutions, not only due to the current COVID-19 pandemic but also due to the sustainability of this sector in the current and future.

The Group is currently exploring the possibility of venturing into manufacturing medical-related fabric, of which the Group can leverage on its expertise and experience as a textile manufacturer.

The Group will assess carefully the available business opportunities and make the necessary announcement, if required by the relevant authority, should any of the opportunities or projects materialise.

Although the Group intends to venture into healthcare and technologies, the existing renewable energy and utilities segment will remain the major contributor to the Group’s revenue.

3. When will the following announced proposals be implemented?

- (i) Proposed share split involving a subdivision of every 1 existing ordinary share in KPower (“KPower Share(s)” or “Share(s)”) held on an entitlement date to be determined and announced by the Board of Directors at a later date (“Share Split Entitlement Date”) into 4 KPower Shares (“Subdivided Shares”); and

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- (ii) Issuance of up to 150,776,882 free warrants in KPower ("**Warrant(s)**") on the basis of 1 Warrant for every 3 Subdivided Shares held on an entitlement date, which will be after the Share Split Entitlement Date, to be determined and announced later by the Board ("**Corporate Proposal**").

The Company's Response:

The Company announced the Corporate Proposal to Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 13 November 2020 and the listing application in relation thereto was submitted to Bursa Securities for approval on 20 November 2020.

On 1 December 2020, Bursa Securities approved the Corporate Proposal and the application for listing. The Corporate Proposal will be tabled to the shareholders of the Company for approval and is expected to be implemented by mid-January 2021.

4. The Group has been involved extensively in the renewable energy sector but mainly in the scope of engineering, procurement, construction and commissioning ("**EPCC**"). Has Management considered the build-and-operate/asset ownership model, whereby the Group will be able to secure recurrent income from the projects after their completion?

The Company's Response:

For the time being, KPower will focus on being an EPCC service provider in the sustainable energy and utilities sector. It is always the intention of the Group to own a certain percentage of shares in the assets (i.e. power plants). However, it will depend on how the Group evolves in terms of its financial strength and assets position in the future.

5. With the recent acquisition of Chemtrax Sdn. Bhd. ("**Chemtrax**") by the Group, what will be the net margin for this new business and how will it sync with the current renewable energy and utilities segment of the Company?

The Company's Response:

The Group recently ventured into the logistics business via the acquisition of Chemtrax. The rationale for the acquisition is to expand the Group's revenue streams and to cater for the logistic requirements of the Group as well as to expand into more comprehensive supply chain services.

For those local and overseas projects that the Group undertook in the past, logistic services were outsourced to third-party logistic service providers. With the acquisition of Chemtrax, Chemtrax will be able to cater to the logistic requirements of the Group's businesses. As such, this new business segment will complement other business segments within the Group and provide good synergy effects. In addition, the Group will be able to leverage Chemtrax's expertise to provide logistics needs within the network of the major shareholders under one roof, thus ensuring the growth of this segment.

Chemtrax is one of the leading transportation companies in Malaysia that specialises in transporting hazardous chemical and gas and also one of the main transportation service providers for transporting chemical products that are critical to glove

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production companies. In view of its current business activities, Chemtrax is expected to benefit from the worldwide demand of gloves arising from the COVID-19 pandemic. As such, Management hopes that the net margin of the said company will be better.

6. The Company's Annual Report 2020 states that the order book of the Group is expected to increase further by RM2 billion by the end of the financial year ending 30 June 2021 ("FYE 2021"). However, a report published by a local investment bank states that the order book of the Group is expected to increase to RM2 billion. Kindly clarify.

The Company's Response:

As stated in the Company's Annual Report 2020, Management expects the Group's order book to be further increased by RM2 billion by the end of FYE 2021 while the article published by a local investment bank is an independent report by the said bank.

7. What are the competitive advantages of the Company?

The Company's Response:

KPower's competitive advantages lie in the following:-

- (i) Regional presence – operating and providing professional services locally and abroad with projects located in Malaysia and overseas;
 - (ii) Existing major shareholders' and key management's experience, expertise and contacts across the region;
 - (iii) In-house professional expertise and the continuous strengthening of in-house technical capabilities; and
 - (iv) Transfer of technologies by means of acquisitions which can lead to lower cost of manufacturing and with the support from Malaysian Investment Development Authority (MIDA) and the Ministry of International Trade and Industry (MITI) through their networks and provision of relevant grants, the Group will be able to provide good competitive edge to its potential customers.
8. Kindly explain the Company's bidding participation in the Large-Scale Solar (LSS4) power plant projects and whether it will be via sole or joint tender, the size of the project and whether other EPCC portion is being sought or agreed upon with other bidders if they win the bid.

The Company's Response:

The Group participated in the bidding for the development of the fourth cycle of LSS4 power plant projects for 50MW capacity as a concession holder. At the same time, the Group is exploring the possibilities of undertaking EPCC jobs for other bidders in the event they win the bid for the LSS4 projects.

9. Kindly shed some light on the Company's tender activities, including the types of power plants, size (MW & value), estimated timing of announcement and locations of major tenders.

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The Company's Response:

The Group has been tendering for renewable energy projects, i.e. solar, hydro, biomass, and hybrid solar and wind projects, not only via direct participation but also through joint ventures with other companies, locally and overseas. The total value of tenders is approximately RM4.4 billion.

The Board will make the necessary announcement if any of the tenders materialises.

10. Considering the current unprecedented economic situation, will the Company revise the market capitalisation targets set previously, i.e. RM1 billion by FYE 2021 and RM5 billion in 5 years? Do you think the Company will outperform its expectation or take a more reserved position on its future prospect?

The Company's Response:

The Group is maintaining its targets, as set. With the availability of vaccine for COVID-19, the global economy is expected to recover. The Group will position itself to tap on the available opportunities, such as those arising from the recently signed Regional Comprehensive Economic Partnership (RCEP) free trade agreement between the member states of the Association of Southeast Asian Nations (Asean) and its free trade agreement (FTA) partners.

11. During this challenging time, please reward shareholders who participate in the 23rd AGM via the Remote Participation and Voting facility with food vouchers.

The Company's Response:

The Company takes note of the request and will try to fulfil it.