KEJURUTERAAN ASASTERA BERHAD

One-Stop Engineering & Energy Solutions Provider

ANNUAL REPORT 2022

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SCAN QR CODE
to download our Annual Report 2022 and Sustainability Report 2022

Corporate Milestones

1997

Established on 24 February 1997 as a private limited company.

1998

Registered with Energy Commission Malaysia as a Class A electrical contractor.

1999

- Registered with the CIDB as a Grade 'G7' license holder.
- Secured first project for electrical engineering services for residential apartments at Ampang, Selangor.

2008

Accredited with the BS EN ISO 9001:2008 certificate by NQA Certification Services (M) Sdn. Bhd.

2010

- Secured first refurbishment project at UE3 Shoppping Mall.
- Expanded into provision of mechanical engineering services.

2012

Secured first Fiber To The Home (FTTH) project at TTDI Adina at Shah Alam, Selangor.

2014

Secured first contract for ELV services at UniKL Malaysia Institute of Aviation Technology Campus, Subang, KL.

2016

Secured Mechanical and Electrical ("M&E") contract valued at MYR41.4 million for EkoCheras, Cheras, KL.

2017

Listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 17 November 2017.

2018

- Secured M&E contract valued at MYR46.0 million for Metropolis Project.
- Ventured into Sustainable Energy Solutions ("SES") business.

2020

- Transferred to Main Market of Bursa Securities on 28 August 2020.
- Value of total M&E projects secured hit MYR1.0 billion mark.
- Market cap hit MYR1.0 billion during transfer listing to the Main Market of Bursa Securities.
- Making headway in sustainability agenda development.

2021

- Completed the acquisition of the entire equity interest in Dynagen Power (M) Sdn. Bhd. to supply 2.2 megawatt ("MW") power.
- Listed on FBM EMAS Index in July.
- Secured 3 out 4 Stars in FTSE Russell ESG Ratings December Assessment.
- Lodged a Multi-Currency Islamic Medium Term Notes Programme of up to MYR500.0 million in nominal value based on the Principle of Murabahah (via Tawarruq Arrangement) ("Sukuk Murabahah").

2022

- Issued Tranche 1 Sukuk Murabahah for MYR20.0 million with financial guarantee of Danajamin Nasional Berhad.
- KAB Telco Sdn. Bhd., a wholly owned subsidiary of KAB to build and operate telecommunication towers.
- Signed Sales Purchase Agreement to acquire an 11.0 MW hydroelectric power plant in North Sumatera, Indonesia.
- Secured a 3.4 MW solar project with Nextgreen Pulp & Paper Sdn. Bhd. to kickstart the development of a Green Technology Park at Pekan, Pahang.
- Diversified into SES with shareholders' approval on 17 November 2022.

2023

- Certified with Occupational Health & Safety Management ISO 45001: 2018 and Environmental Management System ISO 14001: 2015.
- Secured MYR230.0 million EPCC contract from Sipitang Utilities Sdn. Bhd. ("SUSB"), formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd. ("RGTLD"), a wholly owned subsidiary of PETRONAS Gas Berhad ("PGB") to develop a 52.0 MW power plant and its associated facilities in Sabah ("SUSB Power Plant").
- KAB Energy Holdings Sdn. Bhd. has assumed the role of technical partner to co-own and co-develop the SUSB Power Plant.

Who We Are

ONE-STOP **ENGINEERING & ENERGY** SOLUTIONS PROVIDER

1

We are a **Constituent** of **FTSE Bursa Malaysia EMAS Index**

2

We have secured **3 out of 4 Stars** ESG Ratings **FTSE Russell Assessment in 2021 & 2022**

Founded in 1997, Kejuruteraan Asastera Berhad ("KAB") is listed on the main market of Bursa Malaysia Securities Berhad, is a Malaysia-based electrical and mechanical engineering company. KAB underwent significant growth through its subsidiary business expansions and diversified into Sustainable Energy Solutions ("SES") on 17 November 2022. Now transformed and recorgnised as a leading One-Stop Engineering & Energy Solutions Provider.

KAB is registered under the Construction Industry Development Board (CIDB) with a Grade 7 and Suruhanjaya Tenaga with a Class A. Our engineering expertise encompasses all aspects of electrical, mechanical, and associated engineering services, for both commercial and residential buildings. Established with a comprehensive project porfolio spanning over twenty-five (25) years' experience.

At present, KAB has transformed into various segments which includes the provision of Energy Efficient Solutions, Clean Energy Generation, and Renewable Energy Generation. The Group succeeded in its transformation into a One-Stop Engineering and Energy Solutions Provider in the industry.

Vision

To excel as a one-stop engineering & energy solutions provider.

Mission

To continuously improve our engineering competencies to new heights while reducing global carbon footprint by providing a cleaner and greener alternative which promotes a more efficient use of energy.

Our Transformational Journey has begun...

Corporate Information

BOARD OF DIRECTORS

Datuk Dr. Ong Peng Su
Male, Malaysian, Company Director
Independent Non-Executive Chairman

Dato' Lai Keng Onn
Male, Malaysian, Company Director
Group Managing Director

Choong Gaik Seng
Male, Malaysian, Company Director
Executive Director (Competent/QC Division)

Datin Alicia Chan Pey Kheng
Female, Malaysian, Company Director
Executive Director (Group Chief Operation Officer)

Goh Kok Boon
Male, Malaysian, Company Director
Executive Director (Project/Contract Division)

Lu Chee Leong
Male, Malaysian, Chartered Accountant
Independent Non-Executive Director

Tong Siut Moi
Female, Malaysian, Chartered Secretary
Independent Non-Executive Director

AUDIT COMMITTEE

Lu Chee Leong (Chairman)
Independent Non-Executive Director

Datuk Dr. Ong Peng Su (Member)
Independent Non-Executive Chairman

Tong Siut Moi (Member)
Independent Non-Executive Director

REMUNERATION COMMITTEE

Tong Siut Moi (Chairperson)
Independent Non-Executive Director

Lu Chee Leong (Member)
Independent Non-Executive Director

NOMINATING COMMITTEE

Tong Siut Moi (Chairperson)
Independent Non-Executive Director

Lu Chee Leong (Member)
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Lu Chee Leong (Chairman)
Independent Non-Executive Director

Dato' Lai Keng Onn (Member)
Group Managing Director

Tong Siut Moi (Member)
Independent Non-Executive Director

SUSTAINABILITY COMMITTEE

Lu Chee Leong (Chairman)
Independent Non-Executive Director

Datin Alicia Chan Pey Kheng (Member)
Group Chief Operation Officer

Tong Siut Moi (Member)
Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan
SSM PC No. 201908002648
(MAICSA 0777689)

Cheng Chia Ping
SSM PC No. 202008000730
(MAICSA 1032514)

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia.

Tel No. : +603 2084 9000
Fax No. : +603 2094 9940
Email : jason.cheng@sshsb.com.my

HEAD/MANAGEMENT OFFICE

No. 18, Jalan Radin Bagus 9,
Bandar Baru Sri Petaling,
57000 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia.

Tel No. : +603 9055 3812
Fax No. : +603 9055 3912
Email : asastera@asastera.com
Website : www.asastera.com

AUDITORS

Kreston John & Gan (AF: 0113)
Unit B-10-8 Megan Avenue II,
Jalan Yap Kwan Seng,
50450 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia.

Tel No. : +603 2381 2828
Email : assurance@kreston.com.my

PRINCIPAL BANKERS

AmBank (M) Berhad
Level 36, Menara AmBank,
No.8, Jalan Yap Kwan Seng,
50450 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia.

Tel No. : +603-2167 3000

Public Islamic Bank Berhad
Menara Public Bank,
146 Jalan Ampang,
50450 Kuala Lumpur.

Tel No. : +603 2176 6000 /
+603 2716 6666 /
+603 2163 8888 /
+603 2163 8899
Fax No. : +603 2162 2224

United Overseas Bank
(Malaysia) Berhad
Level 7, Menara UOB,
Jalan Raja Laut,
50350 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia.

Tel No. : +603 2772 6575
Fax No. : +603 2691 2160

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia.

Tel No. : +603 2084 9000
Fax No. : +603 2094 9940

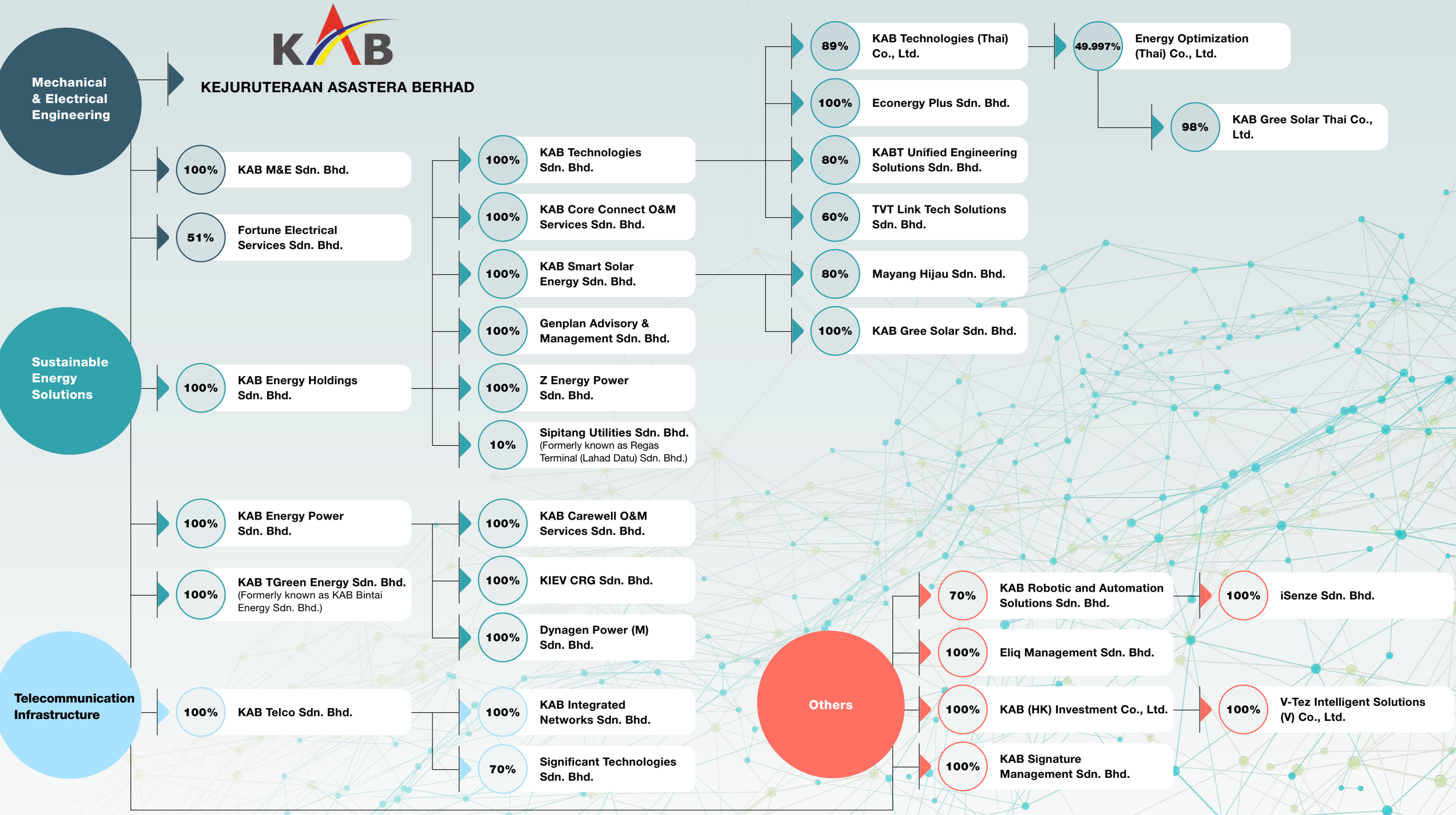
STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

Stock Name : KAB
Stock Code : 0193
Sector : Industrial Products & Services

Corporate Structure

As at 05.04.2023



Corporate Structure

As at 05.04.2023

Board of Directors

Board of Directors

DATUK DR. ONG PENG SU
Independent Non-Executive
Chairman

CHOONG GAIK SENG
Executive Director
(Competent/QC Division)

TONG SIUT MOI
Independent Non-Executive
Director

DATIN ALICIA CHAN PEY KHENG
Executive Director
(Group Chief Operation
Officer)

GOH KOK BOON
Executive Director
(Project/Contract Division)

DATO' LAI KENG ONN
Group Managing Director

LU CHEE LEONG
Independent Non-Executive
Director

DATUK DR. ONG PENG SU
Independent Non-Executive Chairman

Malaysian, aged 69, Male

Date of appointment as Director:
15 April 2021

Length of service as director since appointment:
2 years

Board Committee(s) Membership:
- Member of Audit Committee

Academic/Professional Qualification(s):
Datuk Dr. Ong graduated with First Class Honours Bachelor of Science in Electrical and Electronic Engineering from the University of Strathclyde, Scotland in 1976. Subsequently, he was conferred the degree of Doctor of Philosophy (PHD) in 1982.

Present Directorship(s) in other Public Companies and Listed Companies:
Datuk Dr. Ong does not hold any directorship in other public companies and listed corporations.

Working experience:
Datuk Dr. Ong started his career in the energy industry at Tenaga Nasional Berhad (TNB) from 1974 to 1990. In 1990, he joined Tanjong PLC Group as a technical manager and was later seconded to Usaha Tegas Sdn. Bhd. Group as the Head of Corporate Planning and Investment from 1995 to 2001. Since 1993, Datuk Dr. Ong was appointed to the Board of Powertek Berhad and served as an Executive Director from 2001 until 2009. In 2009, he assumed the role of Chief Executive Officer and Executive Director of Powertek Energy Sdn. Bhd.. He resigned as the Executive Director from Powertek Energy Sdn. Bhd. in 2012 but remained as the Chief Executive Officer until he retired in 2015.

Datuk Dr. Ong sat on the board of several associated companies of Powertek Energy Group and held various non-executive directorships in companies in Powertek Energy Group within and outside of Malaysia.

Datuk Dr. Ong was the President of the Association of the Independent Power Producers. He was nominated for The Asia Business Leader Awards 2005 by CNBC. He served as a Commissioner with Energy Commission, Malaysia from 15 March 2016 to 31 August 2016 and 1 November 2018 to 6 May 2020.

In 2021, Datuk Dr. Ong joins the corporate board of Kejuruteraan Asastera Berhad as the Independent Non-Executive Chairman with over 35 years of accumulated local and global experience and operational leadership.

Time Committed:
Board meetings' attendance in year 2022 : 6/6

DATO' LAI KENG ONN
Group Managing Director

Malaysian, aged 54, Male

Date of appointment as Director:
24 February 1997

Length of service as director since appointment:
26 years 2 months

Board Committee(s) Membership:
- Member of Risk Management Committee

Academic/Professional Qualification(s):
Dato' Lai obtained a Bachelor of Science in Construction Management from Greenwich University, Australia in 2002.

Present Directorship(s) in other Public Companies and Listed Companies:
Dato' Lai does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family relationship with any Director and/or major shareholder of the Company
Dato' Lai is a major shareholder of the Company.

He is the spouse of Datin Alicia Chan Pey Kheng, the Executive Director of the Company.

Working experience:
Dato' Lai started his career as a project manager at Wira Teknik Sdn. Bhd. from 1990 to 1996. On 24 February 1997, he founded Kejuruteraan Asastera Sdn. Bhd..

His leading role as the Group Managing Director has ascended the Company from KLSE ACE Market, listed on 17 November 2017 to the Main Market of Bursa Malaysia Securities Berhad on 28 August 2020. Dato' Lai is also the founder of the power generation segment of KAB Group of Companies. The power generation business established since 2018 has augured well for the sustainable growth of the company. His exceptional management and dedicated commitment have driven the transformational journey for Kejuruteraan Asastera Berhad, which mission and vision to become a One-Stop Engineering and Energy Solutions Provider in the industry.

Time Committed:
Board meetings' attendance in year 2022 : 6/6

CHOONG GAIK SENG
Executive Director
(Competent/QC Division)

Malaysian, aged 62, Male

Date of appointment as Director:
1 March 2013

Length of service as director since appointment:
10 years 1 month

Board Committee(s) Membership:
None

Academic/Professional Qualification(s):
Mr. Choong completed his secondary school education at Penang Free School, Malaysia, in 1976.

He is a certified chargeman and wireman by profession, which is registered with the Energy Commission Malaysia.

In 2002, he obtained a chargeman A0 qualification from Institut Latihan Perindustrian, Malaysia, and subsequently in 2003, he obtained a wireman PW4 qualification from Institute Kemahiran Belia Negara, Malaysia. In 2008, he obtained a chargeman A4 qualification from Pusat Latihan Teknologi Tinggi, Malaysia.

Present Directorship(s) in other Public Companies and Listed Companies:
Mr. Choong does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family relationship with any Director and/or major shareholder of the Company
Mr. Choong is a shareholder of the Company.

Working experience:
Mr. Choong began his career as a purchaser for Limamas Sawmill Sdn. Bhd. in 1981. He joined Eden Catering Sdn. Bhd. in 1985 prior moving to Eden Food Industry in 1989. In 1991, Mr. Choong joined Tan Choong Industrial Equipment Sdn. Bhd. as the sales representative. He then joined Ikhtiar Bersatu Letrik Sdn. Bhd. in 1992 as a site supervisor before joining Prinsip Serasi Sdn. Bhd. in 2004.

Mr. Choong joined our Company in 2007 as project coordinator and he subsequently became an Executive Director in 2013.

Time Committed:
Board meetings' attendance in year 2022 : 6/6

Profile of Directors

DATIN ALICIA CHAN PEY KHENG
Executive Director
(Group Chief Operation Officer)

Malaysian, aged 50, Female

Date of appointment as Director:
1 March 2018

Length of service as director since appointment:
5 years 1 month

Board Committee(s) Membership:
- Member of Sustainability Committee

Academic/Professional Qualification(s):
Datin Alicia obtained Sijil Pelajaran Malaysia in 1990.

Present Directorship(s) in other Public Companies and Listed Companies:
Datin Alicia does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family relationship with any Director and/or major shareholder of the Company
Datin Alicia is a shareholder of the Company.

She is the spouse of Dato' Lai Keng Onn, the Managing Director of the Company.

Working experience:
Datin Alicia began her career with Ritz Print Sdn. Bhd. in 1991 and her last position held in Ritz Print Sdn. Bhd. was the head of production department in 1995 prior to joining Kejuruteraan Asastera Berhad in August 1997.

Datin Alicia has more than 30 years of experience in overseeing the daily operations of the finance, administration and purchasing department.

Time Committed:
Board meetings' attendance in year 2022: 6/6

GOH KOK BOON
Executive Director
(Project/Contract Division)

Malaysian, aged 48, Male

Date of appointment as Director:
1 September 2018

Length of service as director since appointment:
4 years 7 months

Board Committee(s) Membership:
None

Academic/Professional Qualification(s):
Mr. Goh graduated with a Bachelor of Applied Science (Honours) in Electrical Engineering from the University of Windsor, Canada, in 1999.

Present Directorship(s) in other Public Companies and Listed Companies:
Mr. Goh does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family relationship with any Director and/or major shareholder of the Company
Mr. Goh is a shareholder of the Company.

Working experience:
Mr. Goh began his career as project engineer with Selatan Johor Electrical Engineering Sdn. Bhd. in 2000 and subsequently joined Henikwon Corporation Sdn. Bhd. as a sales manager in 2001. In 2002, he joined Letrikon Engineering Sdn. Bhd., which is also an electrical engineering contractor, as general manager and he was subsequently promoted to the position of executive director from 2004. Then, he joined Hoe Huat Electric Sdn. Bhd. in 2009 as executive director. In 2012, he set up Kitchen On Wheels Sdn. Bhd. which later became dormant in 2013.

Mr. Goh joined ConnectCounty Holdings Berhad as an executive director from August 2014 to August 2016 prior to joining Kejuruteraan Asastera Berhad in October 2016 as project director.

Time Committed:
Board meetings' attendance in year 2022 : 6/6

LU CHEE LEONG
Independent Non-Executive Director

Malaysian, aged 58, Male

Date of appointment as Director:
30 May 2017

Length of service as director since appointment:
5 years 11 months

Board Committee(s) Membership:
- Chairman of Audit Committee
- Chairman of Risk Committee
- Member of Nominating Committee
- Member of Remuneration Committee
- Chairman of Sustainability Committee

Academic/Professional Qualification(s):
Mr. Lu obtained his Association of Chartered Certified Accountants ("ACCA") qualification in 1989. He has been a fellow member of the ACCA since 1995. He is also a Chartered Accountant of the Malaysian Institute of Accountants since 1996.

Present Directorship(s) in other Public Companies and Listed Companies:
- Mikro MSC Berhad

Working experience:
In 1990, Mr. Lu joined Kassim Chan & Co., Kota Kinabalu (now known as Deloitte Malaysia) as an audit assistant. He left as an audit senior and subsequently joined Luyang Recreation Club Sdn. Bhd. as an accountant in 1995 and in 1997, he joined DiGi Telecommunications Sdn. Bhd. as an accountant. His last position in DiGi Telecommunications Sdn. Bhd. was the head of section (GTM), Sabah region, under the sales division of the company. Then he left DiGi Telecommunications Sdn. Bhd. at the end of 2014 and started his own corporate services firm named Johan Corporate Services in early 2015, where he provided bookkeeping and related services to customers.

Time Committed:
Board meetings' attendance in year 2022: 6/6

TONG SIUT MOI
Independent Non-Executive Director

Malaysian, aged 53, Female

Date of appointment as Director:
30 May 2017

Length of service as director since appointment:
5 years 11 months

Board Committee(s) Membership:
- Chairperson of Nominating Committee
- Chairperson of Remuneration Committee
- Member of Audit Committee
- Member of Risk Committee
- Member of Sustainability Committee

Academic/Professional Qualification(s):
Ms. Tong obtained her professional secretarial degree from the Institute of Chartered Secretaries and Administrators (United Kingdom) and was admitted as an Associate Member of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA) in 1996. She has subsequently become a qualified Chartered Secretary since 1998. Ms. Tong has also completed the Advanced Women Directors' Programme in December 2015 and is now a member of the Institute of Corporate Directors Malaysia.

Present Directorship(s) in other Public Companies and Listed Companies:
- Niche Capital Emas Holdings Berhad
- Paragon Union Berhad

Working experience:
Ms. Tong has more than 28 years of working experience in the corporate secretarial advisory field and senior management level, gathered from both commercial and advisory environments. She is currently an Executive Director of CKM Advisory Sdn. Bhd., a company focusing on providing specialised training to the Board of Directors and senior management of public listed companies, investment bankers and company secretaries, in relation to Bursa Securities' Main and ACE Markets Listing Requirements.

Time Committed:
Board meetings' attendance in year 2022 : 6/6

Other Information

A. FAMILY RELATIONSHIP

Save for Datin Alicia Chan Pey Kheng who is the spouse of Dato' Lai Keng Onn, none of the Directors have any family relationship with any Director and/or major shareholder of Kejuruteraan Asastera Berhad ("KAB" or "the Company").

B. CONFLICT OF INTEREST

None of the Directors have any conflict of interest with the Company.

C. CONVICTION OF OFFENCES

Other than traffic offences, none of the Directors have been convicted for any offences within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

D. DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Except for Mr. Lu Chee Leong and Ms. Tong Siut Moi, none of the Directors hold any directorships in other public companies and listed issuers.

E. DIRECTORS' ATTENDANCE FOR BOARD MEETINGS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022")

The Directors' attendance for the Board Meetings for the FY2022 is presented on page 88 of the Annual Report.

F. DIRECTORS' SHAREHOLDINGS

Except for Dato' Lai Keng Onn, Datin Alicia Chan Pey Kheng, Mr. Choong Gaik Seng and Mr. Goh Kok Boon, none of the Directors hold any shares, direct or indirect in the Company. The shareholdings of Dato' Lai Keng Onn, Datin Alicia Chan Pey Kheng, Mr. Choong Gaik Seng and Mr. Goh Kok Boon are disclosed in page 220 of the Annual Report.

Profile of Key Senior Management

HOON SIEW YEN
Group Chief Financial Officer
(Group CFO)

Malaysian, aged 53, Female

Date first appointed to the Key Senior Management position:
24 March 2020

Academic/Professional Qualification(s):
Ms. Hoon is a certified professional Chartered Accountant from the Malaysian Institute of Accountants in 2001 with a degree qualification in Business Accounting obtained from the University of Southern Queensland, Australia in 1992.

Present Directorship(s) in other Public Companies and Listed Companies:
Ms. Hoon does not hold any directorship in other public companies and listed corporations.

Family Relationship with any Director and/or major shareholder of the Company:
Ms. Hoon has no family relationship with any director and/or major shareholder of the Company.

Working experience:
Ms. Hoon started her career in 1992 as an auditor at Ong & Wong and BDO Binder. Thereafter she ventured into a consulting role at BDO Consulting Sdn. Bhd. in 1995. Since 1996, she has served in various senior finance and accounting positions in both private entities and public listed companies.

Ms. Hoon was a group accountant, a senior finance manager and a financial controller. Her scope of work and responsibilities included to maintain fiscal discipline, to implement best financial structure practices, to provide solid analytical insights, to manage and to oversee the administration and operation of the finance and accounts department. Her last position was a senior finance manager at Damansara Utama Realty Sdn. Bhd. before she left in August 2019.

With over 28 years of experiences, Ms. Hoon is highly experienced in directing audit, financial management, operational finance, corporate finance, treasury, and strategy and business planning.

Disclosure on Conflict of Interest and Conviction for Offences (if any):
Ms. Hoon does not hold any shares, direct or indirect in the Company. She has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ESG/Sustainability Initiatives:
- Member of Sustainability Team

CHIN SZE HOW
Divisional Chief Financial Officer
(Divisional CFO)

Malaysian, aged 33, Male

Date first appointed to the Key Senior Management position:
1 March 2022

Academic/Professional Qualification(s):
Mr. Chin is a certified professional Chartered Accountant, a member of the Malaysian Institute of Accountants (MIA) and a fellow of the Association of Chartered Certified Accountants (FCCA) with a degree qualification in Accounting and Finance obtained from Sheffield Hallam University, United Kingdom.

Present Directorship(s) in other Public Companies and Listed Companies:
Mr. Chin does not hold any directorship in other public companies and listed corporations.

Family Relationship with any Director and/or major shareholder of the Company:
Mr. Chin has no family relationship with any director and/or major shareholder of the Company.

Working experience:
Mr. Chin started his career in 2013 as an auditor at Grant Thornton Malaysia. Throughout his career as an auditor for more than 7 years, he had gained vast exposure in audit and assurance, listings, corporate exercises and business advisory and consulting involving both local and international companies, private and public listed companies covering a broad spectrum of industries including construction, manufacturing, trading, energy, logistics, agricultures, education, public utility, real estates, automotive, tourism, brokers, services, printing, packaging and digital.

Thereafter, he led the Business Process Services and Global Mobility Services Division at Grant Thornton Malaysia as a Director in 2019, which he specialised in financial reporting advisory, outsourcing, budgeting, cost management, business operation management and global mobility services.

Mr. Chin joined KAB in March 2022 as Financial Controller and was subsequently promoted as the Divisional Chief Financial Officer in October 2022. He oversees reporting and compliance, corporate finance, corporate exercise, merger & acquisitions, strategy and business planning.

Disclosure on Conflict of Interest and Conviction for Offences (if any):
Mr. Chin does not hold any shares, direct or indirect in the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

LEE YEE LOOI
General Manager
(Corporate & HR)

Malaysian, aged 44, Female

Date first appointed to the Key Senior Management position:
1 June 2015

Academic/Professional Qualification(s):
Ms. Lee graduated with a Bachelor of Business (International Business Management/Human Resource Management) from Charles Sturt University, Australia in 2001.

Present Directorship(s) in other Public Companies and Listed Companies:
Ms. Lee does not hold any directorship in other public companies and listed corporations.

Family Relationship with any Director and/or major shareholder of the Company:
Ms. Lee has no family relationship with any director and/or major shareholder of the Company.

Working experience:
Ms. Lee began her career in Patimas Computers Berhad with administrative roles since 2001. She was later employed at Ann Joo Steel Berhad to assume full responsibilities for administrative duties including export division handling sales agreements, shipping, banking arrangement and secretarial duties.

Since 2007, Ms. Lee decided to take the move from supervising administration work into human resource management as well as the quality management. She has formerly served as a personal assistant or executive secretary to the managing directors, superintended entire human resource department and general administrative duties.

Ms. Lee has over the years gained extensive experience in corporate administration, secretarial and human resources matters in different industries ranging from manufacturing, trading, oil and gas, assets management and construction industry.

Joined KAB in June 2015, Ms. Lee was appointed as the HR Manager and subsequently promoted as the General Manager of Corporate and Human Resource in June 2019. She was involved and contributed to KAB's Initial Public Offering ("IPO") and Main Market transfer success. Ms. Lee has assumed duties as the Head of Human Resource Department, perform corporate secretarial matters and she is also a member of KAB's working group for corporate exercises. Since October 2021, Ms. Lee has taken on the role to manage KAB's robotic division. Ms. Lee also has taken the role as the Head of Sustainability Team to lead the team on the Group's sustainability or ESG activites.

Disclosure on Conflict of Interest and Conviction for Offences (if any):
Ms. Lee is a shareholder of KAB. She has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ESG/Sustainability Initiatives:
- Head of Sustainability Team
- Compliance Officer for Anti-Bribery and Anti-Corruption compliance matters

CHIN FAY FAY
General Manager
(Finance and Account)

Malaysian, aged 42, Female

Date first appointed to the Key Senior Management position:
1 June 2019

Academic/Professional Qualification(s):
Ms. Chin obtained her LCCI in 2001.

Present Directorship(s) in other Public Companies and Listed Companies:
Ms. Chin does not hold any directorship in other public companies and listed corporations.

Family Relationship with any Director and/or major shareholder of the Company:
Ms. Chin has no family relationship with any director and/or major shareholder of the Company.

Working experience:
Ms. Chin began her career in March 2006 with KL Tan Logistics Resources as an account cum human resource officer and was handling accounts and undertaking the role of human resources management.

During the year 2010 to 2015, Ms. Chin joined a few companies and was primarily responsible for overseeing accounting matters, consolidation, cash management, credit control and financial reporting.

Ms. Chin joined KAB in August 2015 as a senior accounts executive and was subsequently promoted to the position of General Manager (Finance & Account) in 2019, where she is responsible to oversee the preparation of accounts and financial reporting. She was involved and had contributed to KAB's IPO on ACE Market in 2017, as well as the transfer listing to Main Market in 2020. Ms. Chin is also a member of KAB's working group for corporate exercises.

Disclosure on Conflict of Interest and Conviction for Offences (if any):
Ms. Chin is a shareholder of KAB. She has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

LAI CHUAN SHENQ
Director
(Business Marketing)

Malaysian, aged 46, Male

Date first appointed to the Key Senior Management position:
1 January 2020

Academic/Professional Qualification(s):
Mr. Lai graduated with a Bachelor of Science Degree in Building Construction Management from University of Newcastle, Australia along with a HND Quantity Surveying from Nottingham Trent University in United Kingdom.

Present Directorship(s) in other Public Companies and Listed Companies:
Mr. Lai does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family Relationship with any Director and/or major shareholder of the Company:
Mr. Lai has no family relationship with any director and/or major shareholder of the Company.

Working experience:
Mr. Lai was a Malaysian property development, construction, and stakeholder management specialist with expert commercial and technical experience across a range of building industries including quantum, contractual matters, corporate strategic strategies.

He has a proven track record with more than twenty (20) years of experience in improving sustainability through the corporate management and sales growth. He had established and managed a number of companies and subsidiaries in Thailand.

His skills and expertise include project management practices in property development, construction industries, engineering, procurement, installation, commissioning including operation and maintenance of solar PV projects in Malaysia and Thailand.

Disclosure on Conflict of Interest and Conviction for Offences (if any):
Mr. Lai does not hold any share in the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

JONATHAN WU JO-HAN
Director cum COO
(SES Division)

Malaysian, aged 29, Male

Date first appointed to the Key Senior Management position:
29 August 2019

Academic/Professional Qualification(s):
Mr. Jonathan obtained a First-Class Honours Bachelor of Mechanical Engineering from University of Portsmouth, United Kingdom in 2016 and is also a Certified Energy Manager under AEMAS since 2019.

Present Directorship(s) in other Public Companies and Listed Companies:
Mr. Jonathan does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family Relationship with any Director and/or major shareholder of the Company:
Mr. Jonathan has no family relationship with any director and/or major shareholder of the Company.

Working experience:
Mr. Jonathan has been an integral part of KAB Technologies Sdn. Bhd. since 2018. He graduated with First Class Honours in Bachelor of Mechanical Engineering from University of Portsmouth, United Kingdom in 2016 and holds a Certified Energy Manager certification from AEMAS since 2019.

With an impressive background in engineering, Jonathan started his career as a graduate project engineer in Mitraland Group, Malaysia. Here he was responsible for liaising and coordinating with consultants, contractors, and authorities to resolve technical matters and ensure delivery objectives were met. He then moved on to TecAlliance Malaysia as a lead data analyst where he identified and implemented solutions to improve data coverage through gap analysis across multiple data sources.

Since joining KAB Technologies Sdn. Bhd., Jonathan has been appointed as a director, and has played a pivotal role in the successful negotiation of key acquisitions and setting up the MYR500.0 million Sukuk Programme. He was also part of the working committee responsible for the successful transfer of KAB to the Main Market.

Currently, Jonathan is responsible for setting up subsidiary companies, as well as the Sustainable Energy Solutions Division. He holds directorships in several subsidiary companies under KAB and manages overall operations which include setting up overall strategy of the division, structure of operations, business development, project execution, operation of assets, feasibility assessment of projects, negotiation & execution of key contracts, financial planning, and financial projections.

With his expertise and experience in engineering, energy management, and corporate strategy, Jonathan continues to play a key role in the Sustainable Energy Solutions Division as well as several other subsidiary companies under KAB.

Disclosure on Conflict of Interest and Conviction for Offences (if any):
Mr. Jonathan does not hold any share in the Company. He has no conviction for any offences within the past five (5) years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DEAR VALUED SHAREHOLDERS

I am pleased to present to you the Annual Report for Kejuruteraan Asastera Berhad ("KAB" or "the Company") and its subsidiary companies ("the Group") for the financial year ended 31 December 2022 ("FY2022").

DATO' LAI KENG ONN
Group Managing Director

OVERVIEW

Heeding the call to fulfil increasing global demand for sustainable, cleaner and greener energy solutions,

KAB HAS TODAY TRANSFORMED INTO A LEADING **ONE-STOP ENGINEERING AND ENERGY SOLUTIONS PROVIDER.**

We have built a formidable culture of engineering excellence, with an aim to address the challenges posed by climate change through comprehensive clean energy, renewable energy and energy efficient solutions.

Our Sustainable Energy Solutions ("SES") segment has made exponential progress since our initial foray in 2018. By leveraging on our in-depth technical expertise in Mechanical and Electrical ("M&E") engineering, the Group has emerged as a reputed industry leader with robust capabilities and advanced experience in energy efficiency and engineering projects.

Furthermore, we have expanded regionally with presence in Malaysia and Thailand.

Additionally, the Group is in the process of acquiring a sustainable energy asset in Indonesia which will provide us a presence in Southeast Asia's most populous nation, and is also exploring expansion into Vietnam and Hong Kong through our subsidiaries to capture regional growth opportunities.

The Group is in the process of acquiring a

SUSTAINABLE ENERGY ASSET

in Indonesia which will provide us a presence in Southeast Asia's most populous nation

OUR WHOLLY OWNED SUBSIDIARY, KAB ENERGY HOLDINGS SDN. BHD. was awarded a

MYR230.0 MILLION

Engineering, Procurement, Construction, and Commissioning contract

RECENT DEVELOPMENTS

SES segment

The Group's SES segment reached a major milestone by securing our largest-ever endeavour to date. Our wholly owned subsidiary, KAB Energy Holdings Sdn. Bhd. ("KABEH"), was awarded a MYR230.0 million Engineering, Procurement, Construction, and Commissioning (EPCC) contract on 30 December 2022 for PETRONAS Gas Berhad's ("PGB") 52.0 megawatt ("MW") gas-fired power plant in Sabah.

We are eager to successfully deliver the project, which is targeted to complete in 2026 and will feature the country's single largest gas engine power plant, as well as serve as a key energy source to PGB's nearshore floating liquified natural gas facility in the Sipitang Oil and Gas Industrial Park.

In a further affirmation of our capabilities, KABEH acquired a stake in PGB's subsidiary Sipitang Utilities Sdn. Bhd. ("SUSB") (formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd.) and effectively became a joint venture partner which will own, operate, and maintain the clean power plant project. Furthermore, KABEH was appointed as a technical partner to the project, which will leverage our expertise and experience in integrated SES solutions.

Moving forward, the Group will target more opportunities in the region to provide our expertise in the development of large-scale energy and engineering projects.

We are grateful to be selected as a joint venture partner with PGB, which is a strong recognition and vote of confidence in our solutions expertise, and we look forward to exploring more collaboration opportunities in support of PGB's long term sustainability goals.

Notably, the award of the major gas-fired power plant project to KABEH marks a pivotal milestone in our journey, demonstrating our prowess as a one-stop solutions provider for leading corporations. Moving forward, the Group will target more opportunities in the region to provide our expertise in the development of large-scale energy and engineering projects.

Furthermore, we are bullish about the prospects of our SES segment. In FY2022, we significantly expanded our SES portfolio, which encompasses solar power, co-generation and waste heat recovery, energy efficient solutions, in addition to upcoming hydroelectric power and biogas plants.

On the solar energy front, we developed three (3) solar system projects in Thailand and one (1) in Malaysia. We are also in the process of acquiring a solar energy provider in Malaysia, and developing multiple solar energy projects in Malaysia and Thailand.

KAB REGISTERED RECORD HIGH REVENUE OF

MYR187.0 MILLION

in FY2022.

The enhanced revenue represented a growth of 7.0% from MYR174.7 million in FY2021, driven by increased contribution from both the M&E engineering and SES segments.

Additionally, we are pursuing the ongoing acquisition of a mini hydroelectric power plant asset in Indonesia that comes with an existing Power Purchase Agreement ("PPA") with the state utility provider, as well as our first biogas plant in our SES portfolio from a renewable energy solutions firm in Kedah.

M&E Engineering Segment

The Group's M&E engineering segment continued to secure works in FY2022 and maintained a healthy orderbook of MYR204.0 million as at 31 December 2022, to be recognised until 2024.

GROUP PERFORMANCE

I am pleased to announce that KAB registered record high revenue of MYR187.0 million in FY2022. The enhanced revenue represented a growth of 7.0% from MYR174.7 million in FY2021, driven by increased contribution from both the M&E engineering and SES segments.

The M&E engineering segment saw a modest improvement in revenue mainly due to higher project completion progress as construction activities increased post-movement control order. Notwithstanding this, the M&E engineering segment faced persistently high raw material prices in FY2022 which compressed profitability.

On the contrary, the SES segment experienced significant expansion in revenue in FY2022, on new contributions from a co-generation power plant in Negeri Sembilan acquired in end-2021, and solar photovoltaic systems in Malaysia and Thailand that commenced in early 2022.

The combined M&E engineering and SES orderbook expanded to MYR878.4 million as at 31 December 2022.

CORPORATE EXERCISES

In light of the Group's strategic direction towards SES alongside its growing profit contribution and asset size, KAB proposed and obtained shareholders' approval to diversify the Group's business into the SES segment at an Extraordinary General Meeting on 17 November 2022. This enables the Group to seek further growth opportunities in the sustainable energy field.

Simultaneously, shareholders also approved a private placement exercise to issue up to 361.6 million new shares to fund our future growth and upcoming SES projects.

KAB'S NET ZERO COMMITMENT

KAB commits to reduce Scope 1 & 2 emissions 42.0% by 2030 and 90.0% by 2050 from a 2021 base year

FUTURE OUTLOOK

Environmental sustainability is at the heart of our corporate identity, and forms as an integral part of our robust Environmental, Social, and Governance ("ESG") strategy. We disclosed our commitment to Net Zero in 2022, and we now have defined new targets of Scope One and Two emissions reduction of 42.0% by 2030 and 90.0% by 2050, from a 2021 base year.

In our future outlook, we foresee the SES segment continuing a strong growth trajectory. The Malaysia Renewable Energy Roadmap outlines the nation's plans to rely on renewable energy for 40.0% of its energy needs by 2035, compared to 23.0% in 2022, indicating plenty of room for expansion in this sector. Moreover, an increasing number of businesses are actively exploring our SES services to reduce their energy costs and advance their ESG goals.

Furthermore, public policies in most Southeast Asian countries are progressively more supportive of measures to transition from fossil fuels. ASEAN has set a goal of bringing the share of renewable energy in total primary energy supply to 23.0% by 2025. This bodes well for our plans to expand further into other Southeast Asian countries.

In tandem with the regional push towards sustainable energy use, we are ready to capture more opportunities, and are incurring significant capital expenditure of approximately MYR280.0 million over the next three years. These investments will go towards acquiring clean and renewable energy assets in Malaysia and regionally, as well as funding our gas-fired power plant project with PGB.

With our aggressive plans, the SES segment is expected to contribute more than half of the Group's profit moving forward, supported by higher recurring income from concession revenue.

As for the M&E engineering sector, we expect to benefit from enhanced construction industry conditions in 2023, with the sector forecasted to expand by 6.3% year-on-year due mainly to growth in industrial and residential construction. However, there remain challenges of labour shortages and higher raw material costs, which appear to be gradually easing in 2023.

We foresee firm demand for our M&E engineering services and will continue to tender for new projects to replenish our M&E engineering orderbook.

APPRECIATION

I would like to express my sincere appreciation to our shareholders and business partners for their trust in KAB and the management's bold vision for the future. My gratitude also goes to KAB's directors, management, and all employees for their immense contributions towards our successful transformation and growth.

Together, we will nurture a sustainability-driven business with a strong regional presence for the benefit of future generations.

Dato' Lai Keng Onn
Group Managing Director

M&E Engineering Services

- High, low, and extra-low voltage electrical installations
- Ventilation and air-conditioning systems
- Security systems
- Building services systems
- Hospitality systems
- Maintenance and services
- Project inspection

Sustainable Energy Solutions

- Solar
- Co-generation
- Waste Heat Recovery
- Gas-Fired Power Plant
- Chiller Optimisation
- Building Management System
- Biogas/Biomass Energy
- Hydroelectric Power

OVERVIEW

Kejuruteraan Asastera Berhad ("KAB" or "the Group") is a leading One-Stop Engineering and Energy Solutions Provider, with specialised capabilities and technologies in Mechanical and Electrical Engineering ("M&E") and Sustainable Energy Solutions ("SES").

Founded in 1997, KAB has established itself as a reputed player in the M&E engineering services sector, having completed projects for prominent residential, industrial, and commercial developments.

The Group is well-regarded for its service reliability and quality, and possesses an excellent track record of meeting the project requirements of major developers and project owners. The Group has successfully secured MYR1.3 billion worth of M&E engineering projects to date.

In alignment with the global race towards more sustainable developments and technology adoption to combat climate change and cater to growing populations, KAB expanded its range of expertise into providing sustainable energy solutions in 2018. Its SES segment enables sustainable power generation and consumption through clean and renewable energy sources, in addition to energy efficient solutions.

The M&E engineering and SES segments serve a diverse range of clientele that have common interest in energy savings and optimisation in their projects, in addition to growing demands for innovative sustainable technologies that enhance performance in environmental health and energy conservation. The SES segment is supported by an experienced team of engineers with integrated expertise spanning design, implementation, operations, and maintenance of cutting-edge sustainable energy solutions for various industries.

KAB's SES segment has a comprehensive range of technologies, with existing assets comprising co-generation and waste heat recovery plants, and solar photovoltaic ("PV") systems. The Group also has ongoing acquisitions of a biogas plant and mini hydroelectric power plant, and will undertake the development and operations of a gas-fired power plant via a joint venture.

Apart from its core businesses of M&E Engineering and SES, KAB is also exploring opportunities in the telecommunications sector. The Group is a Network Facilities Provider (NFP) Licensee through its subsidiary Significant Technologies Sdn. Bhd. ("Sigtech"), which enables the Group to build, own and lease telecommunication towers, Inter Building Connection (IBC), and rooftop structures to telecommunication operators in Malaysia.

The Group's M&E engineering segment recorded 3.6% higher revenue of RM173.8 million in the financial year ended 31 December 2022 ("FY2022") compared to RM167.8 million in the previous financial year ended 31 December 2021 ("FY2021").

OPERATIONS REVIEW

Mechanical and Electrical (M&E) Engineering

The Group's M&E engineering segment recorded 3.6% higher revenue of MYR173.8 million in the financial year ended 31 December 2022 ("FY2022") compared to MYR167.8 million in the previous financial year ended 31 December 2021 ("FY2021"), in line with increased progress of projects as construction activities improved to pre-movement control order levels. The segment remained the major contributor at 92.9% of group revenue in FY2022 versus 96.1% in FY2021.

However, the M&E segment's profit declined to MYR3.7 million in FY2022 from MYR5.6 million in FY2021, due to weaker margins caused by volatile prices of key raw materials, namely copper and iron ore which are key raw materials in electrical engineering works.

The M&E segment completed twelve (12) projects in FY2022 with total project value of MYR129.0 million. Meanwhile, the segment's order book stood at MYR204.0 million as at 31 December 2022, compared to MYR324.0 million as at end-2021.

THE GROUP'S M&E ENGINEERING SEGMENT RECORDED

3.6%

higher revenue of

MYR173.8 MILLION

in the financial year ended 31 December 2022 ("FY2022")

THE SES ENGINEERING SEGMENT REVENUE SURGED

64.7% to

MYR11.2 MILLION

in FY2022 from **MYR6.8 million** in FY2021

Sustainable Energy Solutions (SES)

The SES segment's revenue surged 64.7% to MYR11.2 million in FY2022 from MYR6.8 million in FY2021, on the back of maiden contributions from a newly acquired co-generation power plant in Negeri Sembilan, in addition to revenue from solar PV systems in Malaysia and Thailand that commenced in early 2022. As a result, the SES segment registered profit of MYR3.2 million in FY2022, turning around from an operating loss of MYR0.8 million in FY2021.

The segment's profit contribution to the total profitable segments of the Group rose to 46.7% in FY2022 from an operating loss in FY2021. SES orderbook stood at MYR674.4 million as at 31 December 2022 from MYR157.0 million at end-2021, comprising a contract for the Engineering, Procurement, Construction and Commissioning ("EPCC") of a gas-fired power plant project in Sabah, ongoing concession assets, as well as new SES assets under acquisition.

The SES portfolio has six (6) concession assets as at 31 December 2022, namely a co-generation plant, a waste heat recovery plant, and four (4) solar PV systems.

In addition to power-generating assets, the Group also provides energy efficient solutions in the form of chiller optimisation. KAB currently manages fifteen (15) chiller optimisation projects in commercial buildings across Malaysia and Thailand.

SES Concession Assets (as at 31 December 2022)

No.	Asset	Location	Concession Period
1	Co-generation Plant	Negeri Sembilan, Malaysia	2022-2030
2	Waste Heat Recovery Plant	Negeri Sembilan, Malaysia	2020-2030
3	Solar PV	Selangor, Malaysia	2021-2046
4	Solar PV	Rayong, Thailand	2022-2037
5	Solar PV	Rayong, Thailand	2022-2037
6	Solar PV	Chachengsao, Thailand	2022-2032

SES Portfolio Capacity and Performance Indicators

Asset Type	Total Capacity			Energy Offset from the Grid (kWh)			GHG Emissions Mitigated (tCO_2e)		
	2021	2022	%	2021	2022	%	2021	2022	%
Co-generation and Waste Heat Recovery Plants (Negeri Sembilan)	3,500 kW	3,500 kW	-	10,583,720	17,694,232	+67.2%	5,048	8,021	+58.9%
Solar PV Systems (Malaysia, Thailand)	1,580 kWp	4,533 kWp	+186.9%	214,572	5,051,780	+2,254.4%	125	2,955	+2,264.0%
Chiller Optimisation (Malaysia, Thailand)	N/A	N/A	-	1,768,570	1,234,511	-30.2%	1,034	722	-30.2%
Total	5,080 kW	8,033 kW	+58.1%	12,566,862	23,980,523	+90.8%	6,207	11,698	+88.5%

The Group's SES assets generated total energy of 23,980,523 kWh in FY2022, as well as displaced 11,698 tonnes of carbon dioxide equivalent (tCO_2e), representing an improvement of 90.8% and 88.5% respectively. With our expanding SES assets portfolio, we are projecting a 50% increase in both energy generation and greenhouse gas (GHG) emissions savings in the next year.

THE GROUP'S SES ASSETS GENERATED TOTAL ENERGY OF

23,980,523 kWh

in FY2022, as well as displaced

11,698 TONNES

of carbon dioxide equivalent (tCO_2e)

SES Developments

The SES segment experienced significant progress in FY2022 with the acquisition of several new assets as well as new contracts secured.

The Group's subsidiary in Thailand, Energy Optimization (Thailand) Co., Ltd., developed three (3) solar power projects in Thailand with estimated aggregate capacity of 2,953.44 kWp in FY2022. The projects involved the construction, installation, operations, and maintenance of Grid-Connected Photovoltaic (GCPV) solar systems and come with Power Purchase Agreements with total estimated value of MYR22.7 million over a period of up to fifteen (15) years.

Additionally, KAB's subsidiary KAB Gree Solar Sdn. Bhd. entered into an agreement with MYDIN Mohamed Holdings Berhad ("MYDIN") on 12 April 2022 to develop, operate, and maintain a solar PV system in Kota Bahru, Kelantan, with an estimated capacity of 1,925.7 kWp. The solar PV system will generate and supply energy to MYDIN for twenty-one (21) years from its targeted operational commencement in the 2nd quarter of 2023.

The Group had also, on 29 July 2022, through its wholly-owned subsidiary KAB Energy Holdings Sdn. Bhd. ("KABEH") entered into a Share Sale Agreement with Sarawak Cable Berhad to acquire the latter's subsidiary PT Inpola Mitra Elektrindo ("PT IME") together with its 11.0 megawatt ("MW") Kombih III mini hydroelectric power plant in Indonesia. PT IME has a twenty (20) year concession agreement to supply energy to state-owned utility company PT Perusahaan Listrik Negara, with estimated concession value of MYR227.0 million. The acquisition is targeted to complete in 2023.

Additionally, on 18 August 2022, KABEH entered into a Share Sale Agreement with Unique Forging & Components Sdn. Bhd. to acquire the entire equity stake of Matahari Suria Sdn. Bhd. ("MSSB") for a purchase consideration of MYR5.3 million. MSSB owns a solar PV system on the rooftop of Universiti Teknologi Malaysia Kuala Lumpur and has an ongoing power purchase contract to supply energy to Tenaga Nasional Berhad ("TNB") under a feed-in tariff concession until 2037. The acquisition is expected to complete in the 2nd quarter of 2023.

Subsequently, on 9 November 2022, KABEH proposed to acquire a 100% stake in Future Biomass Gasification Sdn. Bhd. ("FBG"), which owns a 2.4 MW biogas power plant in Kuala Ketil, Kedah for a consideration of MYR15.0 million. FBG commenced supply of power to TNB since 2018 under a Renewable Energy Power Purchase Agreement with estimated concession value of MYR41.9 million, which will be effective until 2034. The acquisition is targeted for completion in the 2nd quarter of 2023, and is the SES segment's 1st biogas power plant.

Further to that, on 14 November 2022, the Group through its wholly-owned subsidiary KAB Core Connect O&M Services Sdn. Bhd. entered into two (2) twenty (20) year solar PPAs with Nextgreen Pulp and Paper Sdn. Bhd. ("Nextgreen") to design, construct, install, own, operate, and maintain solar PV systems with total combined capacity of 3,387 kWp. The solar PV systems will be installed at Nextgreen's Green Technology Park in Pekan, Pahang. The PPAs are expected to contribute to KAB's financial performance in 2023, upon their completion within nine (9) months of installation commencement. The contracts with Nextgreen will pave the way for future collaborations in providing a wider range of SES expertise in its sustainable Green Technology Park, positioning KAB as an integral solutions provider to integrate renewable energy and zero-waste technology for sustainable industries in Malaysia.

With our growing expertise and experience in SES, the Group successfully secured our single largest SES project on 30 December 2022, as KABEH obtained a Letter of Award from Sipitang Utilities Sdn. Bhd. ("SUSB") (formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd.), a wholly owned subsidiary of PETRONAS Gas Berhad ("PGB") for the EPCC of a 52.0 MW gas-fired power plant and its associated facilities in Sabah, with contract value of MYR230.0 million.

Additionally, KABEH signed a share purchase agreement with PGB on 9 February 2023 to acquire a 10.0% stake in SUSB, which is responsible for owning and undertaking the power plant project. KABEH also signed a shareholders' agreement with PGB to assume the role of technical partner in the joint venture. Upon the project's targeted completion in 2026, SUSB will commence supply of power to PGB's upcoming nearshore floating liquified natural gas facility in Sipitang, Sabah over a twenty (20) year concession period.

FINANCIAL OVERVIEW

Group revenue increased 7.0% to a record high of MYR187.0 million in FY2022 from MYR174.7 million FY2021. The improved topline performance was largely due to the SES segment's strong growth trajectory, on top of higher contribution from the M&E segment.

Gross profit amounted to MYR28.1 million in FY2022 versus MYR30.4 million in FY2021. The decline of 7.6% was attributed to higher raw material prices faced by the M&E segment, mitigated by increased SES contribution.

However, group net profit reduced 29.3% to MYR2.9 million in FY2022 from MYR4.1 million in FY2021, mainly due to cost of merger and acquisition activities for expansion, as well as higher finance costs in line with the Group's larger assets portfolio.

The Group's total assets rose to MYR286.9 million in FY2022 from MYR259.0 million in FY2021, mainly contributed by its growing SES portfolio and related concession assets. Total liabilities increased moderately to MYR149.9 million from MYR134.5 million previously, primarily due to higher borrowings and trade payables.

Shareholders' equity grew 10.0% to MYR137.0 million in FY2022 from MYR124.5 million in FY2021. The increase was primarily on account of issuance of 30.0 million new ordinary shares amounting to MYR9.8 million via private placements, in addition to higher retained earnings.

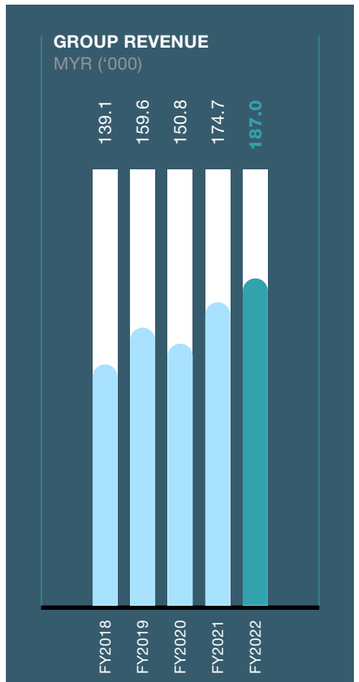
The Group's net gearing rose to 0.22 in FY2022 from 0.18 in FY2021 due to increased term loans related to the acquisitions and growing projects in the SES segment.

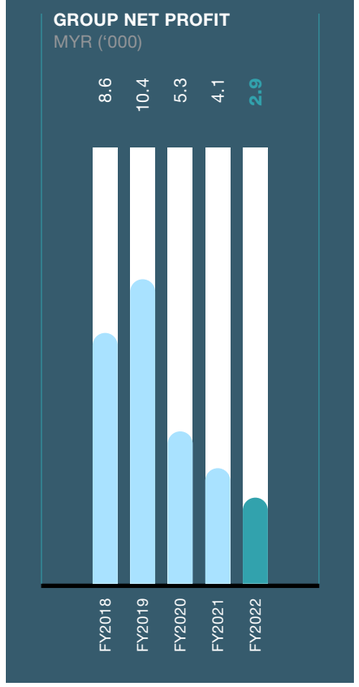
CORPORATE EXERCISES

KAB had, on 11 October 2022, proposed a diversification plan of its business to include SES, as well as a private placement of up to 361.6 million new shares representing approximately 20.0% of its existing issued shares to independent third-party investors. The Group's shareholders approved the proposals at an Extraordinary General Meeting on 17 November 2022.

The diversification plan was announced in line with Bursa Malaysia listing requirements as the SES business is anticipated to contribute 25.0% or more of the Group's net profit, and/or result in a diversion of 25.0% or more of net assets moving forward. The approved diversification enables the Group to generate an additional source of income from SES on top of contribution from the M&E engineering business, and provides opportunities for expanded participation in the fast-growing renewable energy, clean energy and energy efficiency industries.

Meanwhile, the independent investors for the private placement and the placement issue price will be determined in future. Based on an illustrative issue price of MYR0.3705 and potential proceeds raised of MYR134.0 million, the Group intends to allocate MYR36.0 million for working capital purposes, MYR31.0 million for repayment of bank borrowings, MYR66.2 million for funding existing and future SES projects, and MYR0.8 million for estimated listing expenses. The Group had obtained approval from Bursa Malaysia for an extension of the private placement exercise for a period of six (6) months until 10 October 2023.





FUTURE OUTLOOK AND GROWTH

Construction Sector Outlook

The Malaysian construction sector is expected to expand by 6.3% in 2023, continuing its growth trajectory following a rebound of 5.0% in 2022, supported by the implementation of mega-projects and growth in industrial and residential construction activities.

Notwithstanding the improved outlook, several challenges remain that could dampen the recovery of the construction sector. These include labour shortages which may hamper progress of construction activities, and higher cost of construction materials.

The M&E segment will continue to leverage on its strong track record to bid for more projects, and has a tender book of MYR357.6 million across a favourable mix of residential, commercial, and industrial building projects.

SES Outlook

The SES segment is expected to remain the Group's rising star in the year ahead and is rapidly gaining repute as a leading and technologically advanced solutions provider with regional reach.

The segment performance will be boosted by concession revenue from the ongoing acquisition of a biogas plant in Kuala Ketil, Kedah, as well as concession revenue from the ongoing acquisition of PT IME and its mini hydroelectric power plant in Indonesia.

Furthermore, KAB's joint investment and role as strategic technical partner with PGB for its 52.0 MW gas-fired power plant project in Sabah represents a significant recognition of the Group's capabilities to meet the advanced requirements of leading multinational corporations. The Group will also leverage its track record to pursue more large-scale SES projects.

Going forward, KAB will sustain the SES segment's momentum by targeting new clients and exploring potential opportunities across Southeast Asia, amid increasing demand for sustainable energy solutions as most countries in the region step up their commitment to greener energy.

Notably, the International Energy Agency estimates that the region will require annual investments of approximately USD180.0 billion by 2030 to meet its climate goals, substantially higher from an average of USD30.0 billion between 2016-2020. The vast investments required presents a positive outlook for the SES segment's future growth potential.

RISKS

Raw Material Price Volatility

Headwinds posed by high raw material prices could persist into 2023, with iron ore prices expected to remain elevated on the back of a recovering global economy in addition to China's economic and borders reopening. Copper prices are also expected to rise as manufacturing activity in China, the world's largest copper consumer, starts to return significantly.

KAB will endeavour to prudently manage the impact of high iron ore and copper prices, which are key raw materials for the M&E engineering segment. The Group closely monitors movements in commodity prices and engages with stakeholders to explore mitigating measures.

Economic and Policy Risks

A weaker economic sentiment could pose a risk of slower capital deployment by governments and corporations.

Malaysia's real gross domestic product (GDP) growth is expected to slow to between 4.0% to 5.0% in 2023 from 8.7% in 2022, affected by a slowdown in the global economy and more restrictive credit conditions. However, the cautious growth in the Malaysian economy and expected improvements in the construction sector in 2023, as well as increasing demand for sustainable energy, will provide stable growth opportunities in both the M&E engineering and SES segments. The Group welcomes the Malaysian government's 2023 budget and believes it will help reinvigorate the country's economy after the economic fallout of the COVID-19 pandemic.

Meanwhile, Thailand's economy is expected to remain resilient with anticipated growth of 3.6% in 2023 compared to 2.6% in 2022, providing a conducive environment for more investments into sustainable energy solutions.

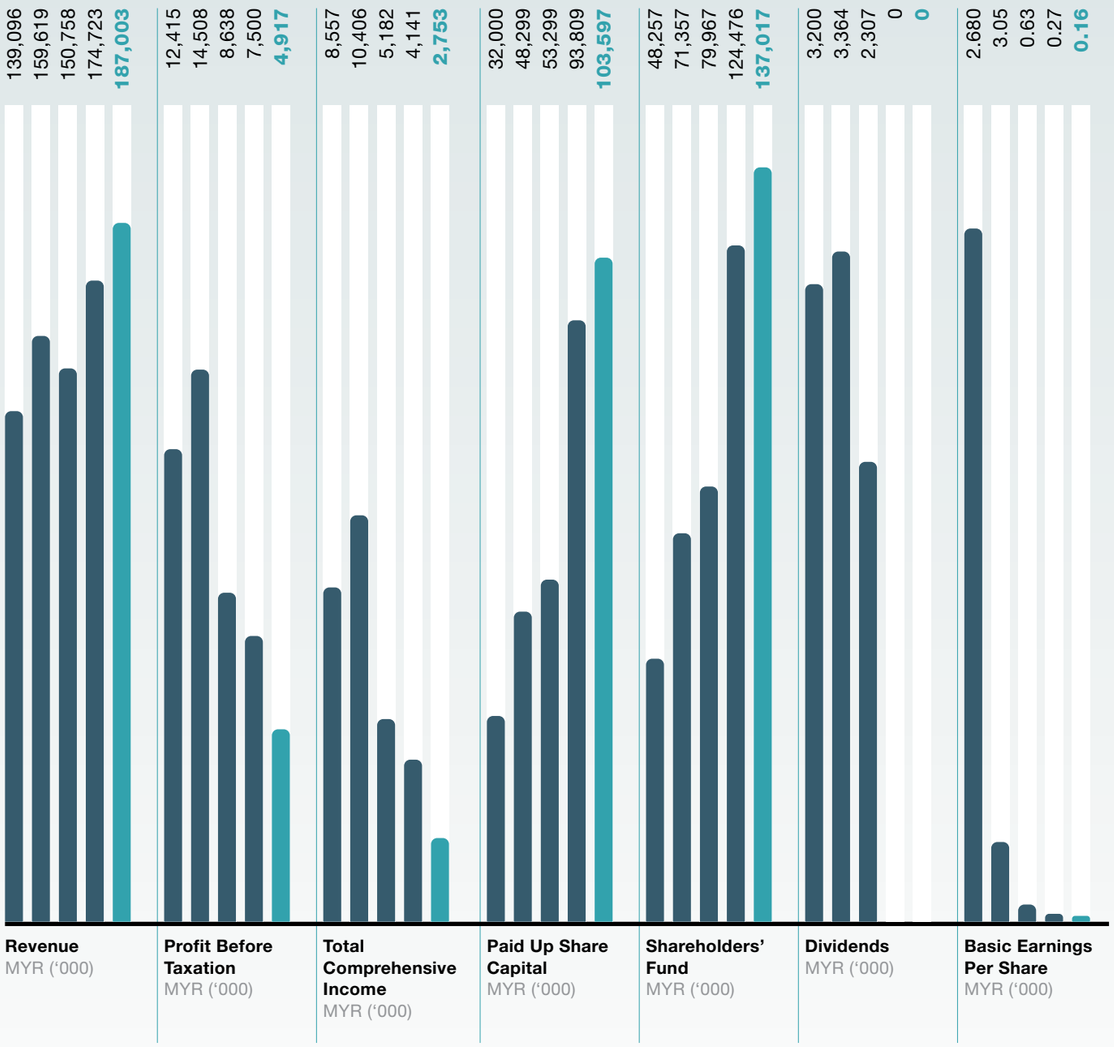
Additionally, potential deferments of pro-sustainability initiatives and delays in achieving sustainability goals could weigh on the growth prospects of the SES segment. Nonetheless, the Malaysian and regional governments continue to pursue sustainability measures and this bodes well for the SES segment.

CONCLUSION

KAB's successful transformation into a reputed player with integrated expertise in engineering and energy solutions, positions us strategically to address the fast-growing demand for sustainable energy across various markets in Southeast Asia. The Group's strengths in technology and engineering enables us to play a greater role in supporting governments, communities, and businesses that are pursuing the sustainability agenda.

Five-Year Group Financial Highlights

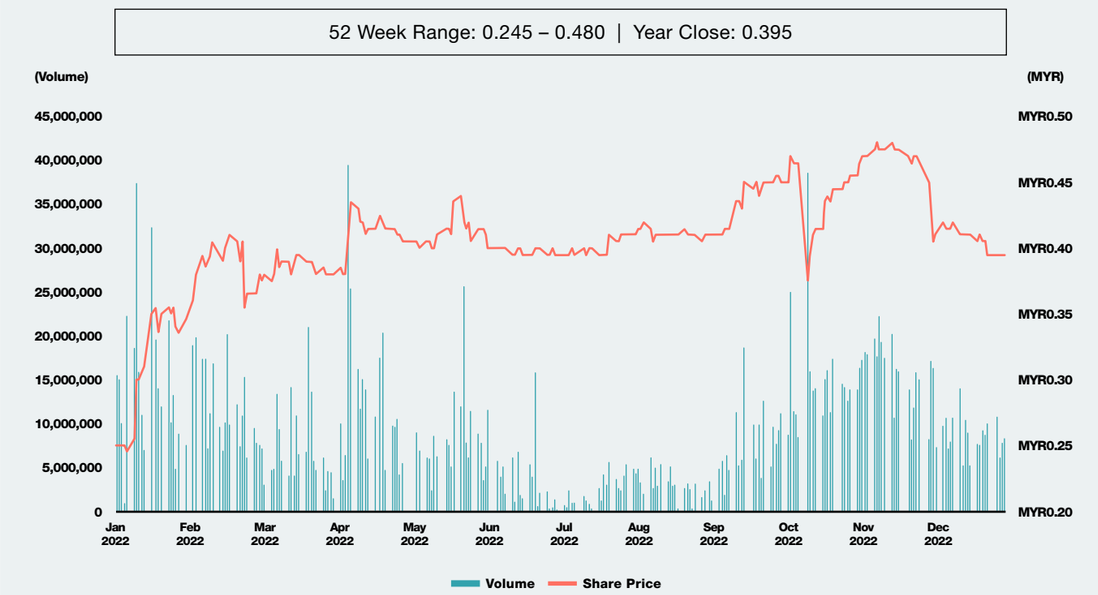
Financial Year Ended Dec-31	2022 MYR ('000)	2021 MYR ('000)	2020 MYR ('000)	2019 MYR ('000)	2018 MYR ('000)
Revenue	**187,003**	174,723	150,758	159,619	139,096
Profit Before Taxation	**4,917**	7,500	8,638	14,508	12,415
Total Comprehensive Income	**2,753**	4,141	5,182	10,406	8,557
Paid Up Share Capital	**103,597**	93,809	53,299	48,299	32,000
Shareholder's Fund	**137,017**	124,476	79,967	71,357	48,257
Dividends	**0**	0	2,307	3,364	3,200
Basic Earning Per-Share (Sen)	**0.16**	0.27	0.63	3.05	2.680



Share Performance Highlights

Kejuruteraan Asastera Berhad ("KAB" or "the Company")

SHARE PRICE AND VOLUME (3 Jan 2022 – 30 Dec 2022)

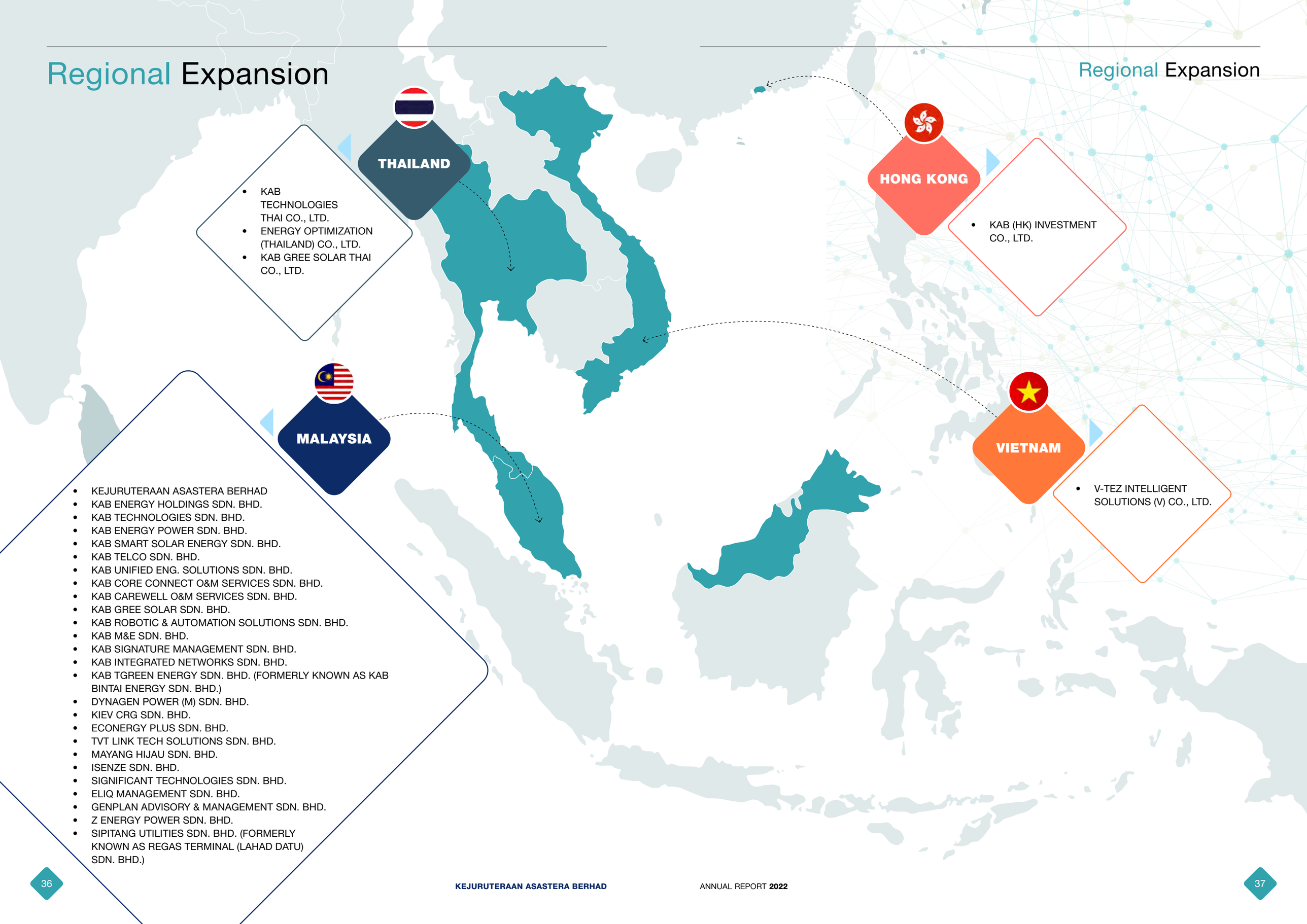


Month	January	February	March	April	May	June	July	August	September	October	November	December
Low	0.245	0.355	0.365	0.38	0.40	0.395	0.395	0.405	0.41	0.375	0.43	0.395
High	0.355	0.41	0.4	0.435	0.44	0.415	0.41	0.42	0.455	0.47	0.48	0.42

KAB HISTORICAL SHARE PRICE AND KL UTILITIES INDEX (KLUT INDEX)

Regional Expansion

Regional Expansion



THAILAND

- KAB TECHNOLOGIES THAI CO., LTD.
- ENERGY OPTIMIZATION (THAILAND) CO., LTD.
- KAB GREE SOLAR THAI CO., LTD.

HONG KONG

- KAB (HK) INVESTMENT CO., LTD.

MALAYSIA

- KEJURUTERAAN ASASTERA BERHAD
- KAB ENERGY HOLDINGS SDN. BHD.
- KAB TECHNOLOGIES SDN. BHD.
- KAB ENERGY POWER SDN. BHD.
- KAB SMART SOLAR ENERGY SDN. BHD.
- KAB TELCO SDN. BHD.
- KAB UNIFIED ENG. SOLUTIONS SDN. BHD.
- KAB CORE CONNECT O&M SERVICES SDN. BHD.
- KAB CAREWELL O&M SERVICES SDN. BHD.
- KAB GREE SOLAR SDN. BHD.
- KAB ROBOTIC & AUTOMATION SOLUTIONS SDN. BHD.
- KAB M&E SDN. BHD.
- KAB SIGNATURE MANAGEMENT SDN. BHD.
- KAB INTEGRATED NETWORKS SDN. BHD.
- KAB TGREEN ENERGY SDN. BHD. (FORMERLY KNOWN AS KAB BINTAI ENERGY SDN. BHD.)
- DYNAGEN POWER (M) SDN. BHD.
- KIEV CRG SDN. BHD.
- ECONERGY PLUS SDN. BHD.
- TVT LINK TECH SOLUTIONS SDN. BHD.
- MAYANG HIJAU SDN. BHD.
- ISENZE SDN. BHD.
- SIGNIFICANT TECHNOLOGIES SDN. BHD.
- ELIQ MANAGEMENT SDN. BHD.
- GENPLAN ADVISORY & MANAGEMENT SDN. BHD.
- Z ENERGY POWER SDN. BHD.
- SIPITANG UTILITIES SDN. BHD. (FORMERLY KNOWN AS REGAS TERMINAL (LAHAD DATU) SDN. BHD.)

VIETNAM

- V-TEZ INTELLIGENT SOLUTIONS (V) CO., LTD.

Corporate Events 2022

ANNOUNCEMENTS & EVENTS

19 January 2022

Entered into a Term Sheet Agreement with Sarawak Cable Bhd ("SCB") to acquire a mini hydroelectric power plant with an installed capacity of 11.0 megawatt ("MW"), to supply electricity to Indonesia state-owned utility company for twenty (20) years.

31 January 2022

Made the maiden issuance of MYR20.0 million pursuant to Multi-Currency Islamic Medium Term Notes Programme of up to MYR500.0 million in nominal value based on the Principle of Murabahah (via Tawarruq Arrangement).

6 February 2022

Two (2) Thailand solar projects, namely Aapico Hitech Co., Ltd ("AHR") and Aapico Plastic Co., Ltd ("APR") delivered in early 2022.

25 February 2022

A (1) solar project in Thailand, Roongthavorn Plastic Co., Ltd ("RTP") successfully achieved its commercial operation date (COD).

12 April 2022

Signed twenty-one (21) year Power Purchase Agreement with MyDin Mohamed Holdings Berhad for installation of rooftop solar photovoltaic energy system at Mydin Tunjong Hypermarket, Kelantan.

20 April 2022

Venturing into telecommunication infrastructure business with local strategic partner, MRH Empire Sdn. Bhd.

11 August 2022

Secured MYR16.7 million Letter of Intent for electrical installation works at Bon Kiara condominium.

18 August 2022

Signed a Share Sale Agreement to acquire entire equity of a solar PV provider, Matahari Suria Sdn. Bhd. ("MSSB") to supply energy to Tenaga Nasional Berhad up to 2037.

9 November 2022

Proposed acquisition of the entire equity of Future Biomass Gasification Sdn. Bhd. ("FBG") to own a biogas power plant in Kedah.

14 November 2022

Signed two (2) Power Purchase Agreements with a total combined capacity of 3.4 MW with Nextgreen Pulp & Paper Sdn. Bhd., a subsidiary of Nextgreen Global Berhad, to initiate the development of a Green Technology Park at Pekan, Pahang.

17 November 2022

Completed diversification to Sustainable Energy Solutions ("SES").

Obtained shareholders' approval for proposed private placement of up to 361.6 million new shares.

3 January 2023

Secured MYR230 million EPCC contract from Sipitang Utilities Sdn. Bhd. ("SUSB") *formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd.*, a wholly owned subsidiary of PETRONAS Gas Berhad ("PGB") to develop a 52.0 MW gas-fired power plant and its associated facilities in Sabah.

9 February 2023

Entered into a share sale and purchase agreement with PGB to acquire a 10.0% stake in SUSB.

Entered into a shareholders agreement with PGB to define their respective roles in the development through their interest in SUSB.

Sustainability Statement

Kejuruteraan Asastera Berhad (KAB) is a Group that aspires to be a leading provider in responsible and sustainable energy and engineering solutions, with operations expanding across ASEAN. Since 1997, we have established ourselves as a reputable and experienced engineering solutions provider for a wide range of projects spanning commercial, industrial, and residential developments. At present, KAB has ventured into various segments. On 17 November 2022, KAB diversified its SES segment, which includes the provision of Energy Efficient Solutions, Clean Energy Generation, and Renewable Energy Generation. The Group succeeded in its transformation into a One-Stop Engineering and Energy Solutions Provider in the industry.

At KAB, we believe in the principles of "Sustainable Development" – development that meets the needs of the present without compromising the ability of future generations to meet their own needs. We look at sustainable development as forwarding our own business interests while at the same time also considering broader economic, environmental and societal interests.

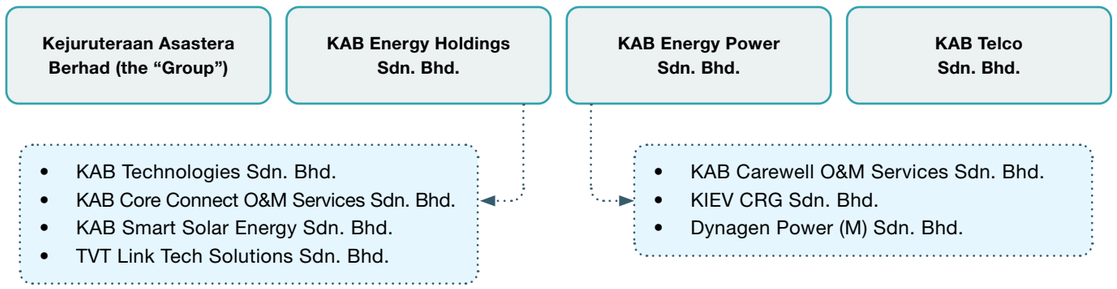
We are committed to understanding, assessing, and managing our impacts on the economy, the environment and society, which will be an indication of our commitment and contribution to Sustainable Development.

In additional to focusing on Sustainable Development, the Group also understands that upholding Human Rights must not be neglected. We adopt the principles of Human Rights as expressed by the United Nations.

Since the Group's establishment as an electrical engineering and contracting services provider in the 1990s, our role as a bridge between energy providers and energy consumers gave us the opportunity to provide more and more sustainable solutions in terms our engineering and project expertise. Our operations have grown from strength to strength, starting from our origins and headquarter in Malaysia to Thailand, Vietnam and Hong Kong. Moving forward in 2022, the Group has forged forward in the Sustainable Energy Solutions ("SES") space, to both capture climate-related opportunities enabling our customers to mitigate climate-related risks.

The Sustainability strategy and approach that is applied across the Group's subsidiaries and partnerships are approved by the Board and executive management, and are applied and implemented by the working groups and operational teams in each entity within the Group. The Group has also begun developing Sustainability measures when engaging with business relations in the supply chain because we understand that in order for Sustainable Development to truly work, the supply chain of the Group must also seek to avoid and mitigate negative impacts and contribute to positive impacts together.

In managing Sustainability, our main operational and organisational boundaries for our material Sustainability matters, include KAB and its active subsidiaries:



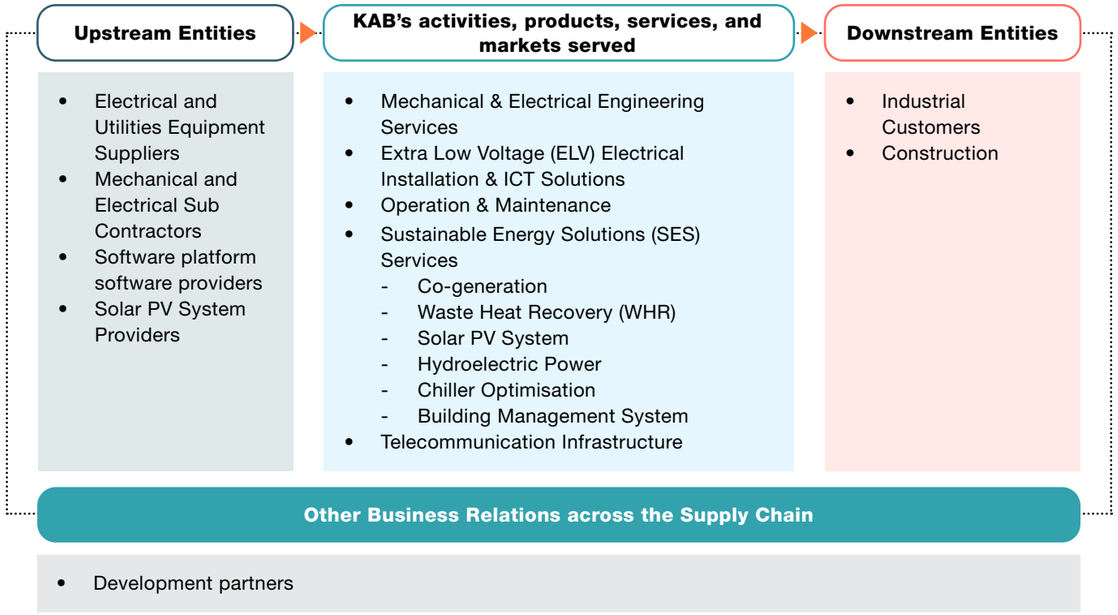
The five (5) key Sustainability aspirations of the Group are:

1. To be a long-term constituent in the world recognised FTSE4Good Index or any Global Indices
2. To grow our energy portfolio to at least 300 megawatt ("MW") by 2025 and to seek more business opportunities in the SES segment
3. To develop enhanced internal policies and guidelines to improve all our Sustainability Performance Targets
4. To embed an integrated health and wellbeing strategy, and to build a future-ready, diverse workforce which reflects and responds to the evolving nature of work
5. To reduce our negative impacts while endeavouring to bring about positive contribution to the environment and society

In 2022, we have prepared our Sustainability Report 2022 in addition to our Sustainability Statement to showcase and provide details of our performance on our material Sustainability matters, and how we have continued to build ourselves on Sustainability principles. Our annual Sustainability Report has been prepared in accordance with the GRI Standards 2021, and covers the reporting period from January to December 2022. A GRI Content Index is provided, along with information on how the various United Nations Sustainable Development Goals (UN SDGs) guide the management of Sustainability in the Group.

The Group's Sustainability Report 2022 and its contents have been approved and reviewed both by our Sustainability Team and Board Sustainability Committee. Full version of Sustainability Report 2022 can be viewed at www.asastera.com. Any questions with regards to this Sustainability Report can be directed to the Group via email: kabsustainable@asastera.com.

OUR BUSINESS VALUE CHAIN



The Group has been actively engaging with all stakeholders in the value chain, including informal participation in trade or non-trade organisations. In 2022, however, there are no industry associations, other membership associations, and national or international advocacy organisations in which the Group participates in a significant role. The Group practices its strategy and governance without any external influence, neither does the Group contribute to any influence on any organisations not within its business structure.

OUR GOVERNANCE STRUCTURE

The Board is responsible for strategic planning, oversight, and the overall management of the Group. The Board has also delegated specific matters to various Board Committees which operate within their respective approved Terms of Reference ("TOR"). The Board leads and controls the affairs on behalf of the shareholders. The Board considers the interests of all stakeholders when making decisions to ensure that the twin objectives of enhancing prosperity and creating long term shareholders' value are met. In addition, the Board monitors the performance of the Group's various areas of operations. Further to elevate the compliance and to improve the Group's control environment, the following Board Committees are established:

Audit Committee ("AC")	Nominating Committee ("NC")	Remuneration Committee ("RC")	Risk Management Committee ("RMC")	Sustainability Committee ("SusComm")

In 2022, the Group established its Board Sustainability Committee to provide more exact and robust oversight and governance on Sustainability matters. The roles, responsibilities and scope of the Sustainability Committee is defined clearly in the Terms of Reference (TOR) that is approved by the Group's Board.

The principal objectives of the Sustainability Committee are to assist the Board of Directors in discharging its statutory duties and oversight responsibilities relating to supporting and monitoring the sustainable development strategy of the Group's businesses covering economic, environmental and social aspects, including contribution to Sustainability-related impacts in the course of the Group's operations, and to oversee the integrity of the Group's Sustainability reporting and associated statements on matters within its Scope. The Scope of the Committee includes, but is not limited to:

1. Group-wide occupational safety and health;
2. Management of environmental matters:
   a. Energy
   b. Greenhouse Gas (GHG) Emissions
   c. Water and Effluents
   d. Waste
   e. Land use
   f. Biodiversity
3. Communities and social performance:
   a. Human rights monitoring and management
   b. The economic and social development of the communities in which the Group operates, including employment, training and development, and local supply chain development
   c. Sustainable development issues as they relate to suppliers and supply chains, including child labour, human trafficking and modern slavery
   d. Community relations, including with indigenous peoples' policies
   e. Diversity, inclusion and non-discrimination;
4. Determine and oversea the quality, adequacy and effectiveness of the Group's Sustainability related policies;
5. Ensure Sustainability disclosures and reporting comply with regulations and standards;
6. As another peer to the whistleblowing or grievance mechanism policy and procedures;
7. Oversee the Group's Sustainability Team.

In 2022, the Sustainability Committee as reviewed and approved the Group's Human Rights Policy, Environmental Policy, Sustainability Policy, Sustainability Due Diligence Procedures, Materiality process and Materiality results, in addition to Sustainability governance and performance improvements of the Group.

The Sustainability Committee and the Sustainability Team of the Group tracks the effectiveness of all actions, relating to Material and Non-Material Topics established by the Group, taken in line with the policies and commitments established by the Group. The Sustainability Team provides periodical, usually quarterly, reports to the Sustainability Committee on matters including the setting of goals and targets such as those pertaining to occupational safety and health or those relating to Net-Zero, regulatory compliances that various goals and targets have to align with, the activities and business relations that are impacted by the goals and targets, the baseline for goals and targets such as having 2021 as the base-year for the Group's Net Zero journey, and the timeline for the goals and targets such as Net Zero Scope 1 and Scope Emissions by 2050.

The Sustainability Committee, along with the Sustainability Team adopts "lessons learnt" from various mechanisms such as Sustainability due diligence, stakeholder engagements, and mechanisms for feedback, raising concerns and whistleblowing. This applies to all Material and Non-material Topics of the Group.

SUSTAINABLE ENERGY SOLUTIONS

The Group is targeting significant growth in its SES segment, with more than 50.0% contribution to its bottom line in the coming years. In the beginning of the year, the Group has estimated that SES segment's contribution to the Group's bottom line will be at least 25.0% in the financial year ending 31 December 2022 (FY2022), before rising to 50.0%. The Group expects a profit margin of 15.0% to 25.0% in the SES segment.

Revenue generation will come from the Group's growing asset portfolio in clean energy generation, renewable energy generation, and provision of energy-efficient solutions.

This strategy became evident by the fact that by the first half of FY2022 ending 30 June 2022, revenue generated by the SES segment stood at MYR8.2 million, already surpassing the recorded revenue of the entire FY2021 which stood at MYR6.8 million. In terms of business expansion, the Group's estimated capital expenditure for existing contracts and potential projects as of the 4th Quarter of FY2022 amounts to MYR52.3 million for solar photovoltaic projects of over 17,000 kilowatt-peak ("kWp") in capacity, and MYR220.0 million for clean energy projects of up to 65.0 MW.

The Group's journey in 2022 began when its wholly-owned subsidiary KAB Energy Holdings Sdn. Bhd. (KABEH) entered into a term sheet agreement with Sarawak Cable Bhd (SCB) to acquire the entire issued share capital of the latter's Indonesia-based subsidiary, PT Inpola Mitra Elektrindo (PT IME) in January. PT IME is a Group that designed, constructed, developed and operates a mini hydroelectric power plant, named Kombih III, whereby it had begun operations in October 2021 with an installed capacity of 11.0 MW.

This marks the group's maiden venture into the hydroelectric power generation sector, which is a quantum leap from its existing Solar PV projects. The Kombih III plant generates approximately 49.056 million kWh, which is estimated to result in an offsets 26,784 tonnes of CO2 emissions based on power generation in Indonesia. This project is expected to generate MYR270.0 million in revenue to the Group over the twenty (20) year concession period. The Group continues to keep an eye on opportunities in line with Indonesia's National Electricity Master Plan, whereby the ratio of renewable energy for energy resources is anticipated to continue accelerating to 23.0% by 2025, and hydroelectric power generation capacity is expected to grow to about 40.0% in this trajectory.

Further developments in the beginning of January 2022 also included Danajamin Nasional Bhd's guarantee of Tranche 1 of KAB Energy Power Sdn. Bhd. (KABEP), a wholly-owned subsidiary of the Group, for its inaugural issuance of MYR500.0 million Multicurrency Islamic Medium-Term Notes Programme (or "Sukuk Programme"). The proceeds of the said MYR500.0 million war chest will be used to propel the Group's expansion into the SES segment - funding KAB's future energy-related ventures, greenfield projects and brownfield assets in Malaysia and across Asia, including Vietnam, Indonesia and India. At the same time, proceeds from the issuance will also be used for a 2.0 MW waste heat recovery facility at Safran Landing System Malaysia Sdn. Bhd., a leading global manufacturer of aircraft landing gear and braking systems.

In March, the Group has continued in its direction to capture opportunities in the SES segment by inking five (5) Rooftop Solar Power Generating System Construction and Power Purchase Agreements ("PPAs") worth MYR46.8 million with an estimated aggregate capacity of 4,284 kWp in Thailand spanning over the next twenty-five (25) years. The agreements require the Group to construct, install, operate, and maintain the Grid-Connected Photovoltaic (GCPV) solar system for Siam Machinery and Equipment Co Ltd and four subsidiaries of Aapico Group of Companies (Aapico Ayutthaya). The total savings on purchased electricity that the clients could achieve for the projects would be up to 135,433 MW throughout the project duration. This is a step further towards developing the Group's solid base within Thailand's renewable energy space, adding to the Group's total combined installed capacity of 12,695 kWp of solar projects by the 1st quarter of the year.

Moving forward, the Group then concluded its Power Purchase Agreement ("PPA") with Mydin Mohamed Holdings Bhd for a solar photovoltaic (PV) system at the latter's Mydin Tunjong Hypermarket in Kelantan, Malaysia, in April. The agreement was for the Group's subsidiary KAB Gree Solar Sdn. Bhd. to design, construct, install, own, operate and maintain a grid-connected solar PV energy system on the roof of Mydin Tunjong Hypermarket's open car park. The Group is to generate and supply solar PV energy to Mydin for a twenty-one (21) year period, whereby 55.0 million kWh in purchased-electricity is saved and approximately 32,432 tonnes of CO2 equivalent is calculated to be avoided over the duration.

As the SES business of the Group continues to grow, the Group in September then proposed to raise MYR119.0 million from a private placement partly to fund this business strategy. This shows the commitment of the Group to continue capturing sustainable business in the energy segment, proving further that contributing to Sustainable Development and meeting global climate targets is not a trade-off but a profitable business opportunity.

At the end of 2022, the Group continued expanding its SES segment through the proposed acquisition of the entire equity of Future Biomass Gasification Sdn. Bhd. (FBG) for MYR15.0 million, whereby FBG owns a biogas power plant in Kedah with an installed capacity of 2.4 MW. The Group stands to gain long-term recurring income via FBG's existing renewable energy power purchase agreement (REPPA) with Tenaga Nasional Bhd (TNB) until 2034. This adds to the strength of the Group's SES portfolio as the biogas industry has great untapped potential in Malaysia given the vast availability of palm oil effluent as fuel.

In addition to the biogas power plant, the Group had also signed twenty (20) year solar PPAs with a subsidiary of Nextgreen Global Bhd, via the Group's wholly owned Group KAB Core Connect O&M Services Sdn. Bhd. The two (2) PPAs are for the Group to design, construct, install, own, operate, and maintain solar photovoltaic (PV) systems on the rooftops of multiple production plants and buildings at the customer's Green Technology Park in Pekan, Pahang, Malaysia. These projects establish the Group as an integral solutions provider to the customer's pioneering model to integrate renewable energy and zero-waste technology for sustainable industries in Malaysia, whereby the PV systems will be installed on two (2) phases having installed capacities of 1,343 kWp and 2,043.7 kWp respectively. There will be a calculated 90,087 megawatt hours ("MWh") in purchased-electricity savings and an estimated reduction of 52,701 tonnes of tCO2e over the next twenty (20) years.

By the end of 2022, the Group's SES segment has four (4) operational solar PV contracts in Malaysia and Thailand with a combined installed capacity of 4,533 kWp, as well as co-generation and waste heat recovery facilities.

In addition to the sustainable business that is driving the Group forward, KAB has also established its Board Sustainability Committee with clear terms of reference providing the necessary oversight and governance on internal and external Sustainability matters. To be a sustainable and responsible Group for our stakeholders including our investors, customers, employees and regulators, the Group has established its Sustainability Policy and the related Sustainability due diligence processes to meet internal and external expectations.

SUSTAINABILITY POLICY

This KAB Sustainability Policy and its implementation applies to the entire Group, including the management of its internal and external stakeholders. It is designed to provide a comprehensive framework for all members of the Group when managing all dimensions of Sustainability covering economic, environmental and social matters that are material to the Group.

In ensuring that the Group as a whole continually adheres to its commitments, takes adequate measures to manage its Sustainability risks, opportunities and impacts, and implements Sustainability-related processes systematically, the Group has established the following governance structure:

1. The Board of Directors ("the Board") determines the Group's overall Sustainability strategy, quantitative and qualitative targets for the year.
2. The Sustainability Committee (the "Committee"), comprising three (3) board members and chaired by an independent director who is not the Chairman of the Board, assists the Board of Directors in discharging its statutory duties and oversight responsibilities relating to supporting and monitoring the sustainable development strategy of the Group's businesses covering economic, environmental and social aspects, including contribution to Sustainability-related impacts in the course of the Group's operations, and to oversee the integrity of the Group's Sustainability reporting and associated statements on matters within its scope.
3. The Sustainability Team of the Group, delegated to assist the Committee, responsible for realising the Group's Sustainability strategy, and to implement and policies and procedures related to Sustainability objectives across the Group's business operations and with all business relations.

The Sustainability Policy states the Group commits to aligning with the United Nations Sustainable Development Goals (UN SDGs) based on the Group's vision, mission and business model:

- Goal 5 Gender Equality – Achieve gender equality and empower all women and girls
- Goal 6 Clean Water and Sanitation – Ensure availability and sustainable management of water and sanitation for all
- Goal 7 Affordable and Clean Energy – Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8 Decent Work and Economic Growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9 Industry, Innovation and Infrastructure – Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
- Goal 11 Sustainable Cities and Communities – Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12 Responsible Consumption and Production – Ensure sustainable consumption and production patterns
- Goal 13 Climate Action – Take urgent action to combat climate change and its impacts
- Goal 15 Life on Land – Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss
- Goal 17 Partnership for the Goals – Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

Additionally, the Group also commits to aligning with the Paris Climate Agreement:

- The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.
- As part of the engineering, energy and utilities sectors, the alignment to the Paris Climate Agreement is for the Group to be a leader in zero-carbon energy generation and on the path to reach zero carbon emissions by 2050 or earlier.
- The Group ensures that all processes are socially and environmentally sustainable.

In the Sustainability Policy, the Group has established its Sustainability Due Diligence principles:

- The Group considers actual and potential impacts that it causes or contributes to through its activities, as well as actual and potential impacts that are directly linked to its operations, products, or services by its business relationships. Business relationships are relationships that the Group has with business partners, with entities in its value chain including those beyond the first tier, and with any other entities directly linked to its operations, products, or services.
- Due diligence tools and methodologies are issued by the Sustainability Team, and approved by the Sustainability Committee, in order to gauge Sustainability impacts along with the related risks and opportunities, including surveys, grievance mechanisms and other two-way communication processes with internal and external stakeholders.
- The due diligence process is used to identify negative or positive impacts following the following three aspects:
  - "Causes" - The Group 'causes' a negative or positive impact if its activities on their own result in the impact.
  - "Contributes to" - The Group 'contributes to' a negative or positive impact if its activities lead, facilitate, or incentivise another entity to cause the impact. The Group can also contribute to a negative or positive impact if its activities in combination with the activities of other entities cause the impact.
  - "Directly linked to" - Even if the Group does not cause or contribute to a negative impact, its operations, products, or services may be 'directly linked to' a negative impact by its business relationships.
- The due diligence process is further used to assess the significance of the negative or positive impacts:
  - The significance of an actual impact is determined by the severity of the impact. The significance of a potential impact is determined by the severity and likelihood of the impact.
  - The severity of an actual or potential impact is determined by the following characteristics:
    - Scale: how grave the impact is
    - Scope: how widespread the impact is
    - Irremediable character: how hard it is to counteract or make good the resulting harm
- The Group conducts Sustainability due diligence process in accordance to stakeholder groups, onboarding of new business relations, the beginning of any new projects, or periodical review of projects and operational activities.
- The Group responds accordingly to the negative and positive impacts, and the resulting risks and opportunities, such as improving process to avoid, mitigate and remedy Sustainability impacts.

The Group's Sustainability Due Diligence is aligned with the United Nations (UN) Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct

The Sustainability Committee, assisted by the Sustainability Team, is responsible for developing strategies to meet the objectives of the Policy, as well as monitoring the progress of achieving the objectives.

HUMAN RIGHTS POLICY

The Group upholds the "protect, respect and remedy" principles as stated in the UN Guiding Principles in order to avoid, mitigate and manage any people-related impacts in the course of our employment, labour relations and business relations. Additionally, we also comply with International Labour Organisation (ILO) conventions that are ratified by Malaysia.

We have launched our own Human Rights Policy in 2022 to reflect our commitments on various people-related matters including those that are highly material to us. In our Human Rights Policy, our commitments include:

1. Equality, diversity and inclusion
2. Freedom of association and collective bargaining
3. Safe and healthy workplace
4. Workplace security
5. Forced labour and human trafficking
6. Child labour
7. Work hours, wages and benefits
8. Minimum wage
9. Stakeholder engagement

The Group's Human Rights Policy covers the following areas:

1. Equality, Diversity and Inclusion

The Group is committed to the principles of equal opportunity and equal pay and maintains a zero-tolerance policy on discrimination and harassment. We work to maintain workplaces that are free from discrimination and harassment on the basis of race, sex, colour, national or social origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression, political opinion or any other status protected by applicable law.

2. Freedom of Association and Collective Bargaining

The Group respect our employees' right to join, form or not to join a labour union without fear of reprisal, intimidation or harassment.

3. Health and Safety

The Group is committed to providing a safe and healthy workplace and comply with applicable safety and health laws and regulations. We work closely in consultation with our employees, by addressing and remediating identified risks of accidents, injury and health impacts.

Internally, we commit to continuous improvement of our health and safety practices and processes towards reducing negative health and safety impacts. At the same time, externally, we engage with all our contractors and external Stakeholders in our business value chain to ensure occupational health and safety standards are met.

4. Workplace Security

The Group is committed to maintaining a workplace that is free from violence, harassment, bullying, intimidation and other unsafe or disruptive conditions due to internal and external threats. Violence, harassment, bullying, and intimidation is not tolerated in the workplace and in any work-related circumstance outside the workplace. Security measures for employees are provided, as needed, and are maintained with respect for employee privacy and dignity.

5. Forced Labour and Human Trafficking

Forced or compulsory labour are work and service that is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily. We prohibit the use of all forms of forced labour, including prison labour, indentured labour, bonded labour, military labour, modern forms of slavery and any form of human trafficking.

The Group conducts various forms of due diligence, when necessary, in order to prevent the involvement of forced labour or human trafficking within its activities. It is also to avoid contributing to, or becoming complicit in, the use of forced labour or the occurrence of human trafficking through its relationships with its external Stakeholders (e.g., suppliers, customers).

6. Child Labour

Child labour is work that 'deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development including by interfering with their education. Specifically, it means types of work that are not permitted for children below the relevant minimum age.' (International Labour Organisation). We prohibit the hiring of individual that is under eighteen (18) years of age for any position in the Group. The Group conducts any forms of due diligence, when necessary, in order to prevent the use of child labour within its activities. It is also to avoid contributing to, or becoming complicit in, the use of child labour through its relationships with its external Stakeholders (e.g., suppliers, customers).

7. Work Hours, Wages and Benefits

The Group compensates employees competitively relative to the industry and local labour market, and in accordance with terms of applicable collective bargaining agreements (if any). We work to ensure full compliance with applicable wage, work hours and benefit laws. We do not encourage excessive working hours unless otherwise required by urgent and emergency situation.

8. Minimum Wages

The Group is committed to complying to the latest minimum wages regulation set by the authorities to protect employees against any unduly low pay. We also believe that minimum wages can also be one element of a policy to overcome poverty and reduce inequality, including those between men and women, by promoting the right to equal remuneration for work of equal value.

9. Stakeholder Engagement

The Group is committed to frequent engagement with all our internal and external stakeholders in order to identify and manage any risks that arise from human rights violations or non-compliances. Engagements and consultations shall be documented. Measures will be taken to avoid or mitigate any potential negative human rights impacts with the cooperation of the Stakeholders.

Our Human Rights policy provides for a whistleblowing and grievance mechanism, whereby any employee or any 3rd party may anonymously report any violation related to this policy via a designated confidential e-mail. The Management will investigate, address and respond to the concerns in the substantiated report and will take appropriate corrective action in response to any violation, and commits to remedy affected parties where it has been identified that it has directly caused or contributed to human rights impacts.

ENVIRONMENTAL POLICY

Climate change poses serious risks to the global economy and will have an impact across communities and many economic sectors. Environmental dimension of sustainability concerns an organisation's impacts on living and non-living natural systems, including land, air, water, and ecosystems.

As part of its commitment to Sustainability, the Group commits to having a holistic approach on its environmental management towards contributing to climate action, climate change adaption and sustainable development goals. It is also crucial for all our relevant stakeholders to understand that the Group has taken steps to identify, manage and prepare itself with regards to the risks and opportunities of climate change in its business strategies, practices and processes. Hence the Group has established its Environmental Policy in 2022.

This Environmental is designed to provide a framework for the Group to achieve the following:

1. To have effective governance and oversight on environmental and climate change impacts;
2. To embed environmental considerations into the implementation of the Group's strategies;
3. To promote environmentally-oriented processes, practices, services and products; and
4. To establish environmental metrics and contribute to environmental goals and targets.

The policy covers the following areas:

1. Stakeholder Engagement and Material Environmental Matters
2. Energy
3. Greenhouse Gas Emissions (GHG Emissions)
   - Direct GHG emissions - Scope 1
   - Energy indirect GHG emissions - Scope 2
   - Other indirect GHG emissions - Scope 3
4. Water
5. Biodiversity
6. Waste

The Board, assisted by the management, is responsible for developing strategies to meet the objectives of the policy, as well as monitoring the progress of achieving the objectives.

Any employee or any third party may anonymously report any feedback related to this policy via the Group's Sustainability e-mail at sustainability@asastera.com. The Group will investigate, address and respond to the concerns expressed in the feedback will take appropriate corrective action in response to any negative environmental impacts. The entire process and its results shall be documented and shall be properly disclosed in accordance to any applicable laws or Sustainability standards.

OUR NET ZERO COMMITMENTS

At KAB, we have begun our Net Zero journey in 2022. We understand that as we strive to support our customers in achieving the Net Zero aspirations through our Sustainable Energy Solutions and other project offerings, we as a Group has to be responsible and sustainable in our business operations. Building Sustainability into our DNA and aligning our commitments with the Paris Agreement aspirations means that we as a Group have to also commit to Net Zero targets and commitments.

As stated in our Environmental Policy, we manage and set targets for emissions, in accordance with the GHG Protocol when accounting for our Scope 1, Scope 2 and Scope 3 emissions. As with most of the large corporates, in line with regulatory expectations such as those of the Bursa Malaysia, and ESG ratings criteria such as those of FTSE4Good, the first steps in our Net Zero journey is to focus on our Scope 1 and Scope 2 emissions. Net Zero means cutting GHG gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance.

KAB COMMITS TO REDUCE SCOPE 1 & 2 EMISSIONS

42.0%

by 2030 and **90.0%** by 2050 from a 2021 base year.

For the initial stages, we have begun focusing on energy and Scope 1 and Scope 2 emissions throughout our office locations where our active subsidiaries operate in. In the later stages in our planning, a more comprehensive list of Scope 3 emissions would be identified for upstream and downstream activities.

To track the performance of our programmes and initiatives to reduce energy consumption and GHG emissions, we have set the base year at 2021.

WORKPLACE ENVIRONMENT, OCCUPATIONAL SAFETY AND HEALTH POLICY

The Group is committed to workplace environment, occupational safety and health (WOSH) management system compliance, and hence have updated the Workplace Environment, Occupational Safety and Health Policy in 2022. This policy provides a framework for establishing, measuring, and reviewing Group key performance indicator for WOSH objectives and target. All employees are advised to communicate this policy to all person working under Group.

This policy is designed to provide a framework for the Group in order to achieve the following:

1. To comply with the Occupational Safety and Health Act 1994 or any amendments that follow.
2. To have effective governance and oversight on occupational safety and health throughout the organisation, and to demonstrate commitment to employees' and workers' safety and health.
3. To prevent of physical and mental harm, and promote of employees' and workers' health.
4. To plan, support, operate, and continually evaluate the effectiveness of the occupational health and safety management system and programs.
5. To include hazard identification, risk assessment, worker training, and incident identification and investigation in the occupational safety and health management system.
6. To engage employees and workers in the development, implementation, and performance evaluation of an occupational health and safety policy, management system and programs.
7. To have safe and healthy work conditions in line with authoritative instruments such as the International Labour Organisation (ILO), the Organisation for Economic Co-operation and Development (OECD), and the World Health Organisation (WHO), and the United Nations Sustainable Development Goals (UN SDGs).

The policy clearly defines the following:

1. Occupational Health and Safety (OH&S) Management System
2. Hazard identification, risk assessment, and incident investigation
3. Occupational health services
4. Employee participation, consultation, and communication on occupational safety and health
5. Training on occupational safety and health
6. Promotion of employee health

OUR STAKEHOLDER ENGAGEMENT

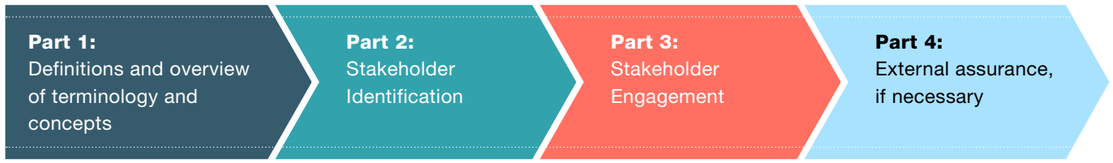
Stakeholders are individuals or groups that have interests that are affected or could be affected by the Group's activities. An interest (or 'stake') is something of value to an individual or group, which can be affected by the activities of the Group. Stakeholders can have more than one interest. Not all interests are of equal importance and they do not all need to be treated equally. An important point to note is that human rights have a particular status as an entitlement of all people under international law – we see more and more instances of regulators sanctioning business that have significant infringements of human rights and human rights laws which results in monetary and opportunity losses. The most acute impacts the Group can have on people are those that negatively affect their human rights.

Key interests and concerns from major stakeholder groups are addressed after our ongoing engagements, whereby more detailed information is used in impact assessment and materiality process.

Stakeholder Groups	Interests and Concerns	Our response
Board of Directors	• Governance matters • Climate-related risk and opportunities • Sustainability performance • Sustainable financing and capital opportunities • Sustainability ratings and indices • Employees: Diversity	• Comply with regulations and legislations on all governance matters • Work with external professional to build internal Sustainability (governance, environmental, social) competencies, policies, and processes • Improve our sustainability performance to improve sustainability ratings and target to be on FTSE4Good Index
Shareholders	• Corporate Governance • Climate-action, green, energy saving related projects that positively impact the environment and business	• Comply with regulations and legislations on all governance matters • Aggressively pursue business opportunities in the power generation business segments
Employees	• Privacy and data protection • Human rights and labour relations • Training and education • Employment practices, diversity, non-discrimination and inclusion • Occupational Health and Safety	• Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010 • Human Rights Policy • New training sessions on Sustainability in 2022 • Improvements in employment practices • Workplace Environment Occupational Safety and Health Policy
Customers	• Occupational Safety and Health • Privacy and data protection • Products and services that achieve Sustainability targets	• Workplace Environment Occupational Safety and Health Policy • Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010 • Sustainable Energy Solutions
Suppliers and Contractors	• Price fluctuations • Safety measures	• Managing procurement practices • Compliance with government regulations • Strict compliance to our safety and health standards, policies and regulations
Engineering Consultants	• Price fluctuations • Compliance with regulations	• Managing procurement practices • Compliance with government regulations • Strict compliance to our safety and health standards, policies and regulations
Government Departments	• Occupational Safety and Health • Climate Change and Renewal Energy Policies	• Compliance with government regulations • Strict compliance to our safety and health standards, policies and regulations • Participation in Sustainable Energy Solution targets to meet National Determined Contribution (NDC) of different governments

The Group established its Stakeholder Identification and Engagement Policy in 2021, that sets out the guidelines governing the identification, management and engagement of our internal and external stakeholders. As a responsible Group, we systematically manage stakeholder relationships and impacts through regular Stakeholder Engagements as part of our Sustainability commitments.

The Stakeholder Identification and Engagement Policy that was established in 2021, lays out the following:



Main stakeholders are grouped as the following:

1. Board
2. Employees
3. Customers
4. Vendors
5. Sub-contractors

Stakeholder surveys are designed to enable stakeholders to reflect the significance of KAB's impacts in the course of business. The significance of an actual impact is determined by the severity of the impact, whereby the severity of an actual or potential negative impact is determined by their scale, scope and irremediable character.

Surveys conducted by the Group are designed to have a rating of zero (0) to five (5), for stakeholders to rate the significance of each Sustainability topic based on the severity of the impact in the course of business with KAB. The higher the rating, the more significant the positive or negative impact. The result of each stakeholder group varies as the impacts that are "caused" by, "contributed to" or "directly linked to" the course of business with KAB is different, with varying degrees of severity.

Each stakeholder group would rank Sustainability topics differently according to how the positive or negative impacts exists in different boundaries. The specific impact assessment of each Stakeholder groups would be used for Stakeholder management and Sustainability impact management in the next period.

Annual stakeholder engagements and surveys are carried out across the active subsidiaries of the Group.

As of 31 December 2022, there were a number of two hundred and fifty-five (255) participants in the annual Sustainability stakeholder engagement. Even though the overall Material Topics are a consolidation of impact assessment across all stakeholder groups, individual stakeholder groups have Sustainability matters that are distinct to the group itself, hence the Group takes the appropriate actions to target specific impacts in the stakeholder group.

All results of the stakeholder engagement and impact assessment are documented in the Group's Stakeholder Engagement, Impact Assessment and Materiality Report 2022.

IMPACT ASSESSMENT AND MATERIALITY

The process of determining material topics is informed by the Group's identification and assessment of impacts in its business relations and business activities. The identification and assessment of impacts involves engaging with relevant stakeholders and it is conducted in line but sometimes independently of the Sustainability reporting process.

For the purposes of Sustainability, impact refers to the effect the Group has or could have on the economy, environment, and people, including effects on their human rights, as a result of the Group's activities or business relationships. The impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible. These impacts indicate the organisation's contribution, negative or positive, to sustainable development. The impacts of the Group's activities and business relations on the economy, environment, and people can also have risks and consequences for the Group itself. These risks and consequences can be operational or reputational, and may lead to financial implications. For example, the high use of non-renewable energy contributes to climate change and could, at the same time, result in increased operating costs for the Group internally due to decarbonisation policies that seeks to shift energy use toward renewable sources.

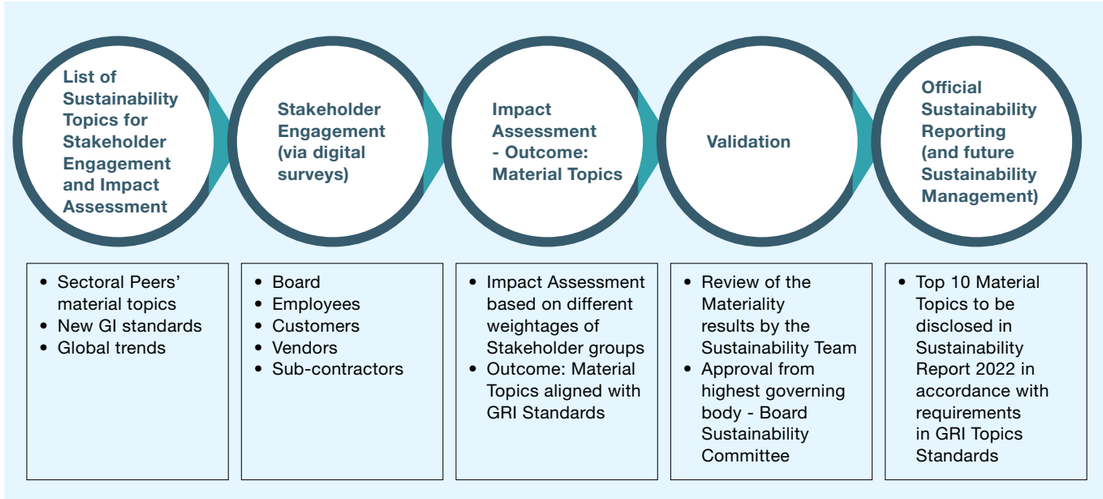
It is also important to note that the management of Sustainability and related economic, environmental and social impacts, is independent of the consideration of financial implications. The Group understands that material topics cannot be deprioritised on the basis of not being considered financially material by any of its stakeholders.

The basis of the Group's impact and materiality is based on two key concepts covered in the GRI Standards 2021, namely "due diligence" and "stakeholders", which are embedded in the Group's Sustainability Due Diligence procedures and stakeholder engagement process.

In accordance with the GRI Standards 2021, the Group has followed the four steps in determining its Material Topics:

Step 1: Understand the organisation's context
Step 2: Identify actual and potential impacts
Step 3: Assess the significance of the impacts
Step 4: Prioritise the most significant impacts for reporting

KAB's process of determining material topics is mapped on the steps structured by the GRI Standards:



The Materiality process is carried out by the Group every two years, or sooner when there is significant changes to the Group's business structure, business model, or external business landscape. The list of Material Topics determined by the impact assessment and Materiality process will be reported annually, and will be updated only when the impact assessment and Materiality process leads to a different result.

All results of the stakeholder engagement, impact assessment materiality process is documented in the Group's Stakeholder Engagement, Impact Assessment and Materiality Report 2022.

In 2022, we have conducted our Materiality Analysis to identify our material Sustainability matters based on the new GRI Standards 2021. Upon following the requirements of the new standards, the Group published its internal Stakeholder Engagement, Impact Assessment and Materiality Report 2022 to document the impact that is reflected across all Stakeholder group and the final Material Topics of the Group.

In accordance with the new GRI Standards, Materiality will no longer be presented in the form of a Materiality Matrix as with the previous standard. This enables the list of material topics to be more streamlined and objective without the subjective element of "influence on Stakeholder's assessments and decisions."

The process of Materiality in 2022 began with engagements with Stakeholders, in particularly via detailed Sustainability surveys. Each stakeholder group would rank Sustainability topics differently according to how the positive or negative impacts exists in different boundaries. The specific impact assessment of each Stakeholder groups would be used for Stakeholder management and Sustainability impact management in the next period. The consolidate result of all Stakeholder groups would form the basis of our impact assessment which thereafter results in the list of Material Topics.

For the assessment of impact, a certain Sustainability topic will appear as the most significant impact when it has the highest cumulative score as rated by the stakeholder group. Each stakeholder group is provided with a weightage when assessing the significance of impacts throughout all stakeholder groups:

1. Vendor – 15.0%
2. Sub Contractors – 15.0%
3. Employees – 20.0%
4. Customers – 25.0%
5. Board – 25.0% (Here the Board would also be a proxy to other stakeholders such as regulators and investors, which is related to the Group in a more strategic and oversight level.)

In 2022 a list of nineteen (19) Sustainability topics were listed out based on the Group's sector and position in the market, covering economic, environmental and social aspects:

- Economic performance and business resilience
- Market presence and local economic development
- Responsible procurement and sustainable supply chain
- Corporate governance, ethics and compliance
- Anti-corruption and anti-bribery
- Responsible and fair competition
- Responsible tax management
- Reducing materials and waste
- Climate action (energy and emissions management and targets)
- Wildlife and biodiversity
- Responsible water-use and preventing water pollution
- Employment policies and practices
- Occupational health and safety standards and practices
- Training, education and competency building
- Promoting diversity, inclusion, and non-discrimination
- Upholding human rights and fair labour practices
- Customer experience, and health and safety of customers
- Responsible marketing and communications, and fair dealing
- Cybersecurity, privacy and data governance

Upon merging the rating from all Stakeholder groups and by factoring the weightages allocated to each Stakeholder groups, the prioritisation of Material Topics is presented below in the order of importance, the first being listed as the most important Material Topic:

1. **Reducing materials and waste**
2. **Occupational health and safety standards and practices**
3. **Anti-corruption and anti-bribery**
4. **Customer experience, and health and safety of customers**
5. **Training, education and competency building**
6. **Market presence and local economic development**
7. **Employment policies and practices**
8. **Responsible and fair competition**
9. **Climate action** (energy and emissions management and targets)
10. **Upholding human rights and fair labour practices**

In the final analysis, the Material Topics of 2022 has been revealed to be different from 2021 after applying the principles and procedures laid out in the new GRI Standards 2021. In 2021, the top five (5) Material Topics were occupational health and safety, business ethics and corporate governance, anti-corruption, economic performance, and human rights.

The most important change to note is that environmental impact, via the Group's management of materials and waste, is now the most prioritised Sustainability topic. Being an engineering and construction Group in the mechanical and electrical sector, the Group has to be vigilant and mindful that even though the Group focuses on meeting Sustainability objectives of its customers (e.g. renewable energy facilities), the Group's footprint in terms of materials and waste in the course of its operations have to be managed sustainably and responsibly.

The Board Sustainability Committee of the Group has reviewed the analysis and results, and have validated and approved the Materiality analysis and final Material Topics.

Managing Our

BUSINESS IMPACTS THROUGH GOOD GOVERNANCE

The Group's Stakeholders have continued to emphasise on anti-corruption, and other governance and integrity matters that ties-in with our economic performance, as part of our Material Topics. All of these matters create impacts to all of our organisational boundaries, from our headquarters to our subsidiaries wherever our operations are.

Our Board, Board committees, and our management teams are deeply involved in preventing negative impacts that arise out of corporate governance and integrity matters, while actively ensuring that all regulations, legislations, standards and guidelines are complied with. While managing these matters internally, we also ensure that there are no negative impacts throughout our business relationships, such as corruption or unethical issues with our suppliers, contractors or customers.

As a Group listed on the Main Board of Bursa Malaysia Securities Berhad and even more so as a constituent of EMAS Index, our first responsibility in managing business and economic performance is to meet all Main Market Listing Requirements ("MMLR") as set out by Bursa Malaysia Securities Berhad, and the Malaysian Code of Corporate Governance ("MCCG") as set out by the Securities Commissions Malaysia, along with all laws and regulations that apply.

Specifically, we comply with Chapter 15: Corporate Governance of the MMLR that sets out the requirements that must be complied with by a listed issuer and its directors with regard to corporate governance. The requirements include the those that relate to the composition of the board of directors, nominating committee, audit committee, auditors, corporate governance disclosure whereby we, as a listed issuer, must ensure that our board of directors provides an overview of the application of the principles set out in the MCCG in our annual report, internal audit and anti-corruption and whistleblowing.

The MCCG reflects global principles and internationally recognised practices of corporate governance which are above and beyond the minimum required by statute, regulations or those prescribed by Bursa Malaysia. The MCCG is based on three key principles of good corporate governance, which are:

- board leadership and effectiveness;
- effective audit and risk Management; and
- integrity in corporate reporting and meaningful relationship with stakeholders.

In accordance to the MCCG, our corporate governance disclosures in our Annual Report reflects the Comprehend, Apply and Report approach – CARE. Comprehend, Apply and Report or CARE encourages companies to clearly identify the thought processes involved in practising good corporate governance, including providing fair and meaningful explanation of how the Group has applied the practices.

We wish to note that our management of Sustainability is in line with the latest MCCG updates (2021), as per the principle below:

> **Effective board leadership and oversight also require the integration of sustainability considerations in corporate strategy, governance and decision-making, as sustainability and its underlying environmental, social as well as governance (ESG) issues become increasingly material to the ability of companies to create durable and sustainable value and maintain confidence of their stakeholders. For companies to be resilient, boards need to take a much more holistic view of the business coupled with proactive and effective measures to anticipate and address material ESG risks and opportunities.**

Hence, as a part of effective board leadership and oversight, we have established our Board Sustainability Committee and Sustainability Team to monitor and manage Material Topics in terms of economic, environmental and social dimensions, while the board itself has also been engaging in competency building and actual implementation of sustainability considerations in the strategy, governance and decision-making process.

The Group has a series of codes and policies that expresses our commitments, our procedures and processes on these governance and integrity matters:

1. Code of Conduct and Ethics
2. Ethics and Compliance Whistleblowing Policy and Procedures
3. Insider Trading Policy
4. Anti-Bribery and Corruption Policy
5. Personal Data Protection Policy

Additionally, the updated MCCG further requires that the Group's Sustainability strategies, priorities as well as targets and performance against these targets should be communicated to the internal and external stakeholders of the Group. Employee awareness and understanding of the Group's approach to sustainability ('what we do and why we do it') will keep them engaged on sustainability issues and support actions on sustainability across the Group.

Therefore, we have continued with the Group's Stakeholder Engagements in terms of Sustainability matters. Specifically, we have increased employee awareness and understanding of our approach to Sustainability by conducting topic-specific sustainability trainings throughout our boundaries and also published our very first Sustainability Handbook in 2021 for the guidance of all employees.

The Group's Sustainability Handbook guides us on how to be active contributors in Sustainability – providing the best of sustainable solutions to our customers and contribution to our economy, while vigilantly observing responsible and sustainable practices in our very own business operations. The board has mandated that the Sustainability Handbook serve as a compass and create a shared knowledge reference of Sustainability concepts, rationale and values to all levels of Management and employees.

At KAB, we are committed to conducting our business according to the highest ethical, moral and legal standards. Hence in line with this commitment and our commitment to open communication, our whistleblowing and grievance mechanism provides an avenue for employees, third parties and other stakeholders, on an anonymous basis if appropriate, to raise concerns or report any known or potential misconduct, violation of our policies or applicable laws and regulations, without retaliation or retribution.

ANTI-CORRUPTION AND ANTI-BRIBERY

In KAB we ensure that our Anti-Bribery and Corruption Policy is in compliance with:

- The Malaysian Anti-Corruption Commission Act 2009
- The Malaysian Anti-Corruption Commission (Amendment) Act 2018
- Any amendments or re-enactments made periodically by the relevant authority

We take a zero-tolerance approach on bribery and corruption. Our Anti-Bribery and Corruption Policy clearly prohibits:

- The offer or promise of a bribe or anything than can be interpreted as a bribe to secure or award an improper business advantage;
- Individuals from requesting or receiving a bribe or anything that may be construed as a bribe from a third party knowing or suspecting it is offered with the expectation that it will obtain a business advantage;
- Anyone from making or accepting facilitation payments or kickbacks of any kind; and
- Associates from engaging in any activity that might lead to facilitation payments or kickbacks being made or accepted.

Upholding anti-corruption and anti-bribery in our Group is a core part of maintaining integrity in our business operations and business practices. In 2022, we have made sure that all levels of the organisation have been involved with anti-corruption measures.

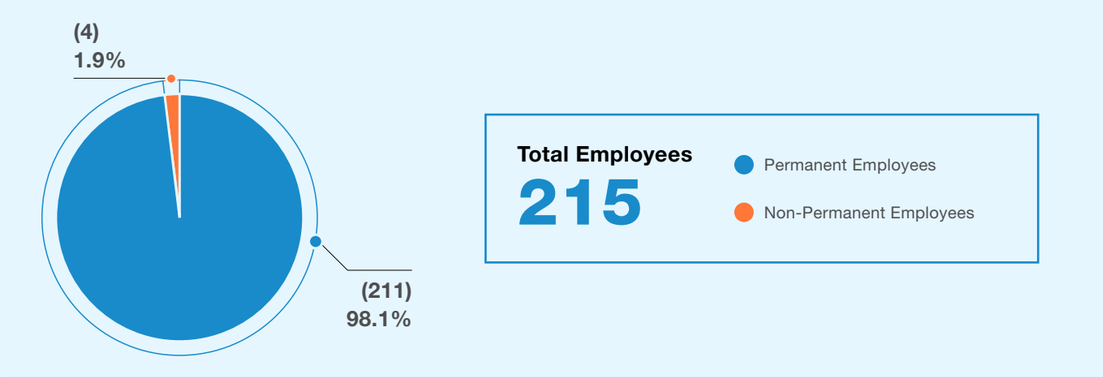
Anti-corruption Measures in 2022	Board Members	Employees in Management Positions	Employees below Management Positions
Communication of anti-corruption policies and procedures	100%	100%	100%
Training on anti-corruption	100%	100%	100%

Besides ensuring that our Board and employees meet our expectations on anti-corruption, we also engage with our suppliers, contractors and customers in this regard.

Anti-corruption Measures in 2022	Suppliers/ Contractors	Customers
Communication of anti-corruption policies and procedures	100%	100%

Any contributions and donations are made in good faith in compliance with the Code of Business Conduct and Ethics and other relevant policies and procedures. Further, there were no contributions or donations that were made for the purposes of political parties or political campaigns.

In 2022, the Group has conducted a comprehensive series of communication and trainings aimed at promoting compliance, providing knowledge and building a culture of integrity with regards to anti-corruption policies and procedures. Two hundred and fifteen (215) employees, comprising 98.1% of KAB's permanent employees (211 individuals) and 1.9% of non-permanent employees (4 individuals), attended the sessions.



MARKET PRESENCE AND LOCAL ECONOMIC DEVELOPMENT

The Group's employment policy and practices also extend to the commitment towards local employment. Local recruitment and offering jobs to young talent help strengthen the local community where operations are based. In 2022, there is 100.0% local hiring including engineers and supervisors at all projects.

Throughout our operations in the headquarters and the diverse operational sites, the Group supports local economic development by hiring 100.0% locally, this means that 100.0% of senior management is also hired from the local community.

Additionally, the Group abides by Malaysia's Minimum Wage Order (PMG) 2022 that came into effect on 1 May 2022 where all sectors will have to comply with the MYR1,500 minimum pay (exemption were given to employers who employed five (5) staff or below who would need to implement them only on 1 January 2023). All employees within the Group are compensated based on wages subject to minimum wage rules. Hence, 100.0% entry level employees including both male and female comply with the minimum wage regulations.

RESPONSIBLE AND FAIR COMPETITION

For the first time, the Group's stakeholders have measured the impact that the Group business activities and operations have in terms of responsible and fair competition. This is indeed the case in some areas where market players engage in unfair methodologies such as illegal lobbying, price fixing, or collusion with potential competitors, with the purpose of limiting the effects of market competition.

The Board of the Group, in its decision-making process, is determined to avoid any anti-competitive behaviour throughout the value chain of the Group. Anti-competitive behaviour that the Group avoids, includes:

- Allocating customers, suppliers, geographic areas, and product lines
- Coordinating bids
- Creating market or output restrictions
- Fixing prices
- Imposing geographic quotas

Additionally, the Group also avoids anti-trust and monopoly practice, i.e. actions that can result in collusion to erect barriers for entry to the sector, or another collusive action that prevents competition, these include:

- Abuse of market position
- Anti-competitive mergers
- Cartels
- Unfair business practices

In 2022, there were no legal actions pending or completed regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the Group has been identified as a participant.

Managing Our

CLIMATE AND ENVIRONMENTAL IMPACTS

In 2022, we continue our journey in "Energising Climate Action" since 2021. Climate change continues to be perceived as the gravest threat to humanity, according to the latest World Economic Forum Global Risk Report. "Climate action failure" was rated as the risk with potential to inflict the most damage at a global scale over the next decade. In the Report, "extreme weather" and "climate action failure" are among the top five short-term risks to the world, but the five most menacing long-term threats are all environmental.

In this regard, the Group has continued to forge ahead to align its operations internally, and services externally to meet global climate change and climate action commitments. As we are still at the beginning of our climate action journey, we continue to accelerate our progress towards achieving our sustainability aspirations particularly in the environmental dimension. Once again, the Group reiterates the mantra "For a Greener Earth" in in our Sustainable business and operations in 2022.

MANAGING MATERIALS AND WASTE RESPONSIBLY

A large quantity of materials is consumed and substantial waste is generated as a result of the Group's activities, such as during the provision of our services in various locations. It can also be generated by entities upstream and downstream in the Group's value chain. The Group understands that our business activities cause and contribute to environmental impacts through the use materials and disposal of waste. The Group has implemented its environmentally sound material and waste management, also through encouraging reusing and recycling.

In 2021, materials and waste were not listed as Material Topics. However, the Group has reporting useful information with regards to materials and waste in the Group's Sustainability Report 2021. In 2022, the latest stakeholder engagement, impact assessment and materiality process has enabled the Group to identify that materials and waste are ranked as the No. 1 material topic amongst all Sustainable matters.

As an engineering services and energy solutions provider, the Group manages its environmental impacts by tracking its materials and waste. The type and number of materials the Group uses can indicate its dependence on natural resources, and the impacts it has on the availability of these resources. The Group's contribution to resource conservation can be indicated by its approach to recycling, reusing and reclaiming materials, products, and packaging. Proper material planning and selection enables the Group to not only manage its environmental impacts, but also its costs and other business risks.

The primary materials that are used for the Group's business activities in engineering and energy solutions are cables. In 2022, there are a total number of forty-five (45) projects sites that were in operation across the Group that had contributed to the usage of cables. These are non-renewable materials that are sourced from our suppliers:

- A total of 23,444,031.73 kilogram ("kg") of cables were used in 2022.
- The calculation of the consumption of cables were from direct measurements across all forty-five (45) project sites.
- Cables supplies are delivered to the various sites at periodical schedules, whereby a record across all sites are tabulated in a consolidated monthly record.

Additionally, paper for office use was also one of the primary materials that are used for the Group's business activities in 2022, including for the functions of the headquarters and active subsidiaries:

1. 539 rims of A4 (70g) paper, with each rim consisting 500 sheets.
   The total usage of A4 paper used in 2022 is 18,865 kg.
2. 39 rims of A3 (80g) paper, with each rim consisting 500 sheets.
   The total usage of A3 paper used in 2022 is 1,560 kg.
3. The total usage of paper in 2022 comes to a total of 20,425 kg.

The Group has noticed the significant amount of paper that is used in the business operations. High amounts of paper consumption create significant environmental impact. On the other hand, due to internal and regulatory requirements as an engineering and energy solutions provider, there are certain information that require paper submission or paper records. To continue reducing its environment impact, the Group will begin its baselining process to further identify digitisation targets in line with internal and regulatory requirements.

In the digitisation process, the Group does not decrease one for of material consumption while increasing another form of resources in the process – i.e. reducing paper consumption through digitisation but consuming more physical information technology (IT) resources. One significant differentiator between the Group and other industry players in the sector is its effort to reduce electronic waste through an innovative way of utilising its IT equipment.

Since 2019, the Group has signed up with a vendor, Rentwise Malaysia, who specialised in remanufactured carbon neutral computers, to green its IT infrastructure by using rental and remanufactured IT equipment such as laptops and computers. Reusing and recycling IT products help reduce e-waste, which fits with our Sustainability principles to manage and reduce materials and waste in our operations. To date, the Group has a total of one hundred and twenty-three (123) units of remanufactured laptop and four (4) units of remanufactured desktops which are on rental basis.

On 2 February 2023, Rentwise Malaysia presented to Datin Alicia Chan, Executive Director (Group Chief Operation Officer) also a member of the Sustainability Committee, being the representative of KAB Group of Companies to receive a token of appreciation for embracing circular economy and embarking on the decarbonisation journey with the use of remanufactured computers.

The Group has also maintained its commitments to limit negative environmental impacts that relate to the waste in the Group's business activities. The Group's business operations, entities and stakeholders comply overarchingly with the Group's Environmental Policy. Specific to various areas of waste management, the Group has more detailed procedures, processes and plans.

The Group manages materials and waste in accordance to the grouping of the product:

Plastic - PVC Conduit - Package material	Keep separated in designated areas on-site. Keep separate for reuse by on-site construction or by site employees.
Timber - Drum Cable	Keep separated in designated areas on-site. Recycle with waste Management.
Scrap Metal - Trays - Trunkings	Keep separated in designated areas on-site. Keep separate for reuse by on-site construction or by site employees.
Scrap cable	Keep separated in designated areas on-site; Management will keep at storage Keep separate for reuse by on-site construction or by site employees
Paper	Online document submission system to centralise documents in cloud-based folders – minimise paper waste and boosts efficiency as files are stored digitally and printing is significantly reduced.

In 2022, the Group has begun to track its waste more targetedly in accordance with the Integrated Management System (IMS), beginning in the last quarter of the year.

Scheduled Waste at Headquarters	Metric Tonnes
1. E-waste	0.011
2. Contaminated Waste (Contaminated Container)	0.0002
Total	**0.013**

Scheduled Waste from Project Sites	Metric Tonnes
1. Contaminated Waste (Contaminated Container)	0.0441
Total	**0.0441**

Recyclable Waste (diverted from Landfill Disposals)	Metric Tonnes
1. Paper Material	0.2085
2. Plastic Material	0.008
3. Steel	0.0005
Total	**0.217**

The Group, in line with its IMS implementation and certification, puts more detailed emphasis on the significant waste-related impacts it has on the environment, whereby the Group has established its Environmental Aspects Impacts Register.

On October 2022, the Group had fully implemented its waste management practices. For the past two (2) years, the Group has been practicing these measures to ensure that all employees are familiar with and can easily adapt to the changes. The Group recognises the importance of proper waste management in reducing the impact on the environment.

Therefore, three types of waste management have been implemented:

- General Waste
- Recycle Waste
- Schedule Waste

For General Waste, the Group's has set up a collection schedule occurring three (3) times per week. General Waste refers to waste that cannot be recycled or reused, and proper disposal aims to reduce the environmental impact.

For Recycle Waste, the Group's has set up a collection schedule occurring twice a month, with two (2) types of Recycle Waste: plastic and paper. Proper recycling of these materials aims to reduce environmental impact and contribute to a more sustainable future.

In addition, the Group has registered with the Department of Environment (DOE) for Schedule Waste collection, which occurs every six (6) months. The Group's has registered for three (3) types of Schedule Waste: code SW110, SW409, and SW418. The use of a DOE-licensed transporter for Schedule Waste collection ensures that the waste is disposed-off properly and in compliance with DOE regulations.

MANAGING OUR ENERGY AND EMISSIONS FOOTPRINT

Being a significant player in the electrical engineering sector, it is obvious that environmental matters evolving around "energy" would be significantly material to us. Our business model, business strategy and our stakeholders through our stakeholder engagements have shown that energy matters are deeply rooted in our identity and growth trajectory. While energy is at the core of our business, the generation, distribution and use of energy is the main contributor to climate change through greenhouse gas emissions. Hence, the Group along with its stakeholders view that both the management of energy and energy-related emissions is inseparable.

The impacts of energy and emissions are present in every organisation and operational boundary, as long as we consume energy or electricity one way or another. The burning of coal, natural gas, and oil for electricity and heat is the largest single source of global greenhouse gas emissions. Hence, we link our approach to energy and emissions by using the GHG Protocol Corporate Accounting and Reporting Standard as a key guidance and reference, where our calculations use the location-based method across our headquarters and active subsidiaries.

As and engineering and energy solutions provider, we manage energy and emissions both internally through our operations, and externally via our products and services. We do our best to minimise negative impacts and increase positive impacts by both having internal initiatives and also providing the market with better and more efficient energy solutions such as renewable energy with our business relationships (such as vendors and customers) in the value chain.

Internally, we continue to drive the reduction of energy and emissions. All our offices and sites focus on reducing the energy consumption by implementing energy-efficient programmes and practices. We continue with practices to reduce energy consumption by:

- Turning off non-essential electrical appliances including lighting that are not in use such as during lunch breaks and when the employees of the location is required to work from home
- Increasing the use of energy saving LED lights
- Using timers on air conditions in our offices for be more efficient in reducing energy wastage

Externally through our Sustainable Energy Solutions (SES) portfolio, we have several key areas of focus, namely chiller optimisation, co-generation, waste heat generation and solar photovoltaic systems. For the purposes of energy to emissions calculations, the Group uses the Grid Emission Factor of Peninsular Malaysia in 2017 of 0.585 tCO2/MWh according to the Malaysia Green Technology Corporation's CDM Electricity Baseline for Malaysia.

1. Chiller Optimisation

- There are currently 4 projects in operations throughout Malaysia by 2022
- The of energy saved for these 4 projects in 2022 comes to a total of 1,234,511 kWh.
- This means that there is an estimated avoidance of 722.19 tCO_2e avoided emissions in 2022 from the reduction of energy consumption in the chiller operations of the buildings in these projects.

Chiller Optimisation Savings	2021	2022
Energy Saved (Electricity)	1,768,570 kWh	**1,234,511 kWh**

2. Co-generation

Co-generation	2021	2022
Energy Produced (Electricity)	3,328,891 kWh	**7,784,290.54 kWh**

3. Waste Heat Recovery

- The Group's ORC waste heat recovery facility started operations since July 2020.
- For the year 2022, the project generated a total of 9,909,942.00 kWh, whereby an equivalent of 5,797.32 tCO_2e was avoided compared to fossil-fuel generation.

Waste Heat Recovery	2021	2022
Energy Produced (Electricity)	7,254,829 kWh	**9,909,942 kWh**

4. Solar Photovoltaic System

As of 2022, we have a total of 5 awarded projects with a total capacity of 16,176kW peak output. We will continue to pursue aggressively solar projects that has been proven to be one of the cleanest energy generation technologies to-date.

Solar PV System	2021	2022
Energy Produced (Electricity)	214,572 kWh	**5,051,779 kWh**

The Group is proud to have increased solar photovoltaic energy generation by more than 20 times from 2021 to 2022. In 2022, the Group has avoided the total of 2,955 tCO_2e through its renewable energy generation.

In totality, the energy consumption within the Group in 2022 includes purchased energy from the national grid, and also natural gas for the generation of electricity in our co-generation project.

Non-renewable – Natural Gas	2019	2020	2021	2022
kWh	0	0	9,525,668	**21,687,511.37**

Electricity Purchased for Consumption	2019	2020	2021	2022
kWh	95,334	83,701	101,357	**108,174**

Electricity Sold	2019	2020	2021	2022
Co-generation (kWh)	0	0	3,328,891	**7,784,290.54**
Waste Heat Recovery (kWh)	0	0	7,254,829	**9,909,942**
Solar (kWh)	0	0	214,572.94	**5,051,779.30**
Total (kWh)	0	0	10,690,083.94	**22,746,011.84**

Description	kWh
Non-renewable fuel consumed (Natural Gas)	21,687,511.37
Renewable fuel consumed	0
Electricity purchased for consumption	108,174
Self-generated electricity which are not consumed	0
Electricity sold (-)	(22,746,011.84)
Total Energy Consumption (Net)	**(950,326.47)**

The total energy consumption shows that the Group has produced more that it has consumed energy in 2022, to the amount of 950,326.47 kWh.

While managing our energy mix and energy balance, the Group is also focusing on reducing our emissions.

For the initial stages, we have begun focusing on energy and Scope 1 and Scope 2 emissions throughout the Group, in line with our Environmental Policy and our Net Zero Commitments. The Group is aspiring to achieve its Scope 1 and Scope 2 emission Net Zero goals by 2050. In the later stages of our planning, a more comprehensive list of Scope 3 emissions would be identified for upstream and downstream activities, whereby our Net Zero goals would include our Scope 3 emissions.

We base all our management and calculation of emissions data based on the GRI Standards and also the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition). The consolidation approach for emissions of our boundaries is where we have full or significant equity share of the entity.

For the purposes of our calculations, the global warming potential (GWP) values, when necessary, shall be based on the IPCC 5th Assessment Report 2014 (AR5), while the emission factor for energy, i.e. 0.585 tCO_2/MWh, is according to Malaysia Green Technology Corporation's CDM Electricity Baseline for Malaysia (2017) – Peninsular Grid.

Scope 1 Emissions

In 2022, the Group has begun tracking the fuel consumption for all Group-owned vehicles, separated in detailed monthly reports for both Petrol and Diesel fuel. The emissions factor used for Petrol is 0.002162 tCO_2e/litre and Diesel is 0.002558 tCO_2e/litre, in accordance with Carbon Trust's Energy and Carbon Conversion 2022 Update. The increase in the emissions of Group-owned vehicles in 2022 was due to the addition of diesel in our GHG accounting.

Group-owned Vehicles	Litres	Emissions (tCO_2e)
Petrol	26,230.94	**56.71**
Diesel	1,179.00	**3.02**
Total	-	**59.72**

Group-owned Vehicles	2019	2020	2021	2022
Emissions (tCO_2e)	32.6	30.1	54.3	**59.72**

Since September 2021, we have an addition of emissions from co-generation as a result from the combustion of natural gas. This project continued in 2022, but was in operation only for eight (8) months of the year, at the usage of 21,687,511.37 kWh of natural gas. The Group has also applied the latest emission factor in accordance with Carbon Trust's Energy and Carbon Conversion 2022 Update, i.e.0.00018254 tCO_2e/kWh. The difference and increase in emissions is because of increase natural gas consumption in the co-generation operations in the period of 2022.

Stationary Combustion – Natural Gas	2021	2022
Emissions (tCO_2e)	1,702	**3,958.84**

Hence the total of Scope 1 emissions for the year 2022, including both owned transport and natural gas combustion, is 4,018.56 tCO_2e. The year 2021 has been set as the base-year of the Group. From the consumption in 2022, there is an increase in Scope 1 compared to the base-year. The Group is aware of this increase, which is significantly due to the contribution from natural gas consumption in our co-generation operations, the Group continues to look into better solutions to manage Scope 1 emissions.

Total Scope 1 of the Group	2021	2022
Emissions (tCO_2e)	1,756	**4,018.56**

Scope 2 Emissions

For the reporting period from January to December 2022, our purchased electricity was 108,174 kWh.

Energy indirect – Purchased Electricity	2019	2020	2021	2022
Emissions (tCO_2e)	55.8	49.0	59.3	**63**

In 2022, emissions began to rise as a result of increased purchase electricity linked to the expansion and increase in business activities. The Group considers this increment a guiding indicator for its plan to utilise renewable energy in its own operation and at the same time explore Renewable Energy Certificates (REC) to reduce its Scope 2 emissions.

Scope 1 and Scope 2 Emissions

Total Scope 1 and Scope 2 of the Group	2021	2022
Emissions (tCO_2e)	1,815.3	**4,081.56**

The Group is currently giving significant attention to the reduction of its combined Scope 1 and Scope 2 emissions, taking note that there is more than two (2) times increase when compared between 2021 and 2022. This does not mean that the Group is increasing direct and indirect emissions intentionally, but is part of the Group taking on customer-side emissions in its expansion of co-generation business. Nevertheless, the Group would continue being transparent on its Net Zero journey, and will be putting in place significant measures by 2023 to reduce these emissions.

Scope 3 Emissions

For business travel (air travel) calculations, 2021 has been set as the base-year, as reported in the previous year's Sustainability Report. Estimation is based on airport-to-airport flight distance estimations. From 2022, emissions factor of the Group refers to the Carbon Trust's Energy and Carbon Conversion 2022 Update for short haul flights based on passenger kilometres (pkm). A total number of 12,568.00 pkm was estimated for the year 2022.

Category 6: Business travel – air travel	2019	2020	2021	2022
Emissions (tCO_2e)	4.4	1.2	1	**1.93**

In 2022 the Group continues to track significant Scope 3 emissions that come from our employee commuting (Category 7: Employee Commuting), whereby 2021 has been set as the base-year. The average data method in accordance to GHG Protocol is used as the base for calculations, with parameters including two hundred and sixty-one (261) working days (average five (5) working days a week) in Malaysia in 2021 and assumption that employees use private passenger cars, and an average of 20km round-trip per day for commuting to work.

According to the GHG Protocol Technical Guidance for Scope 3 Emissions:
"Companies may use average secondary activity data to estimate distance travelled and mode of transport. This may include using:

- Average daily commuting distances of typical employees
- Average modes of transport of typical employees
- Average number of commuting days per week and average number of weeks worked per year."

Scope 3 Emissions		
Emissions conversions are based on Carbon Trust's Energy and Carbon Conversion 2022 Update for Medium 1.4-2.0 liter petrol passenger transport.		
Category 7: Employee commuting	**2021**	**2022**
Emissions (tCO_2e) – Passenger Cars	19.65	**19.55**
The total amount of Scope 3 Emissions in 2022, including both Categories 6 and 7, is 21.48 tCO_2e.		
Total Scope 3 Emissions (Category 6 and 7)	**2021**	**2022**
Emissions (tCO_2e)	20.65	**21.48**

BEING RESPONSIBLE FOR OUR WATER IMPACTS

Through understanding its water use, the Group can assess the impacts it has on water resources that benefit the ecosystem, other water users, and the Group itself. The Group uses relevant information for effective water management.

Employees, workers, supplier, contractors and customer workers need to adhere to the Environmental Policy. Water usage at sites is monitored, water wastage is reduced by minimising leakages in water distribution, e.g. pipes and faucets. The Group works with local water authorities and local contractors whenever necessary to minimise non-revenue water (NRW). The Group's sites also practice shared water resource with other parties at the same site, as much as it is possible.

Water consumption and usage increases proportional to the increase of headcount in the workplace. Targets will be set as to the average water use per employee, in order to track the reduction of water.

The Group currently does not engage in operations at water-stressed areas and areas with high water-related risks, and at present does not have financial quantification of water-related risks. The Group does not have any withdrawal from natural sites, nor has any water and effluent discharge at natural site (only to the national sewerage system).

Potable water consumption				
Year	**2019**	**2020**	**2021**	**2022**
(m^3)	411	412	433	**822**

Managing Our PEOPLE AND SOCIAL IMPACTS

In our Sustainability journey, we continue to be responsible for people throughout our business operations, from our corporate headquarters, to our subsidiaries locally and overseas, and to our various ongoing project sites, where all our impacts occur. Our Board and management have central oversight and measures of all people-related matters throughout the entire organisation through various committees including Sustainability Committee and Sustainability Team. Even though we have cross-country operations, we ensure that all people-related matters comply with our Group policies, the respective local legislations, and international principles and standards.

As seen in the Group's Sustainability strategy and approach, our specific policies such as our Sustainability Policy and Human Rights Policy enables the Group to manage our people and social impacts effectively, while tracking the performance of the Group year after year.

The Group implements its Workplace Environment, Occupational Safety and Health Policy throughout its activities and operations in its headquarters and subsidiaries. To achieve our goals and responsibilities in terms of occupational safety and health, The Group has been implementing its Occupational health and safety management system (OH&S) management system, that is in compliance with Occupational Safety and Health Act 1994 (Act 514) and Regulations, Factories and Machinery (Building Operation and Works of Engineering Construction) (Safety) Regulations 1986, and in accordance to the Group's Workplace Environment Occupational Safety and Health Policy. In addition to regulations, the occupational safety and health management system at project sites that we are involved in also follow globally recognised standards such as ISO 45001:2018.

The safety goals of every contract that is signed between KAB and its main contractors and sub-contractors are:

1. Zero (0) fatal accidents
2. Zero (0) dangerous incidents
3. Accident Frequency Rate (AFR) of less than sixty (60) serious accidents per one thousand (1,000) workers per year

The OH&S management system in principle covers all levels of employees, activities and workplaces within the Group's operations. The OH&S management system also achieves continual improvements in overall OH&S performance, by integrating practises such as five (5) S - sort, set in order, shine, standardise and sustain.

The occupational health and safety management system of the Group encompasses roles and responsibilities that are defined clearly for all key persons to implement the Group's policies.

1. Safety and Health Manager
2. Safety & Health Officer / Site Safety Supervisor / Safety Engineer / Junior Site Safety Supervisor

The Group implements its Hazard Identification, Risk Assessment and Risk Control (HIRARC) rigorously and diligently to ensure processes are used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimise risks. The Group's HIRARC criteria have been reviewed and updated in 2022 in line with its IMS.

The HIRARC Procedure of the Group was also established, to provide actions and guidance to achieve ongoing hazard identification, risk assessment and determination of necessary controls, and planning for the development of risk control. The procedures are also to evaluate and identify non-tolerable and tolerable risks and create the framework for establishment of the OH&S improvement programs.

The Group maintains an updated HIRARC Register Master List that covers areas such as welding, conduit installation, electrical works, scaffolding, ceiling light installation, and housekeeping, whereby Hierarchy of Control includes elimination, substitution, engineering, administrative, signage, standard operating procedures and PPE.

In order to promote health in the Group, employees are covered under general medical expenses according to the Employment Act & Labour Law of Malaysia as per Clause 60(F). The Group facilitates employees' access to non-occupational medical and healthcare services by providing annual medical expenses to eligible employees in accordance to their work grades in the organisational structure.

In addition to annual expenses, insurance plans are also provided for employees to cover the following:

- In-Hospital Care (Hospital Room and Board)
- Ambulatory Care
- Temporary Disability
- Permanent Disability
- Life Insurance

While taking full responsibility and care over the safety and health of our employees and workers, the Group also seeks to prevent and mitigate OH&S impacts that are linked to our business relationships and projects. We work very closely with our subcontractors to ensure that any OH&S impacts are well managed. To start off, contract provisions require subcontractors to prepare, implement and monitor safety plans, while at the same time subcontractors have to ensure that their own subcontractors also comply with these safety plans. Education and training are also coordinated with our subcontractors that relate to safety regulation, safety patrol, safety committee meetings, and safety instructions.

Additionally, the Group conducts Environmental, Safety and Health (ESH) induction on ESH requirements for new joiners. This is implemented at workplaces and Toolbox talks are held on a weekly basis at sites which covers specific topic relevant to events to be conducted. A record of the Toolbox talks that are conducted including any photographic evidence taken must be submitted into WhatsApp's Safety Group.

All employees and workers in the Group in 2022 are covered by the OH&S management system.

Generally, there are no major incidents or accidents that have occurred during the year involving our employees and workers.

Description	2018	2019	2020	2021	2022
Fatality Cases	0	0	0	0	**0**
Lost Workday Cases	0	0	0	0	**0**
Restricted Workday Cases	0	0	0	0	**0**
First Aid Cases	0	0	0	0	**0**
Near Miss / Close Call Cases	0	0	0	0	**0**
Dangerous Occurrence Cases	0	0	0	0	**0**
Fire Cases	0	0	0	0	**0**
Property Damage Cases	0	0	0	0	**0**
Vehicle Accident Cases	0	0	0	0	**0**
No. of Days Lost	0	0	0	0	**0**

As the number of our projects continue to grow, we continue to uphold our responsibilities in terms of safety and health in all our project sites to contribute to ensuring zero (0) incidents with our contractors' workers and any member of the public. Where there are any incidents involving fatalities or high-consequence work-related injuries that are not suffered by our own employees and workers, but are suffered by our contractor's workers or any member of the public that are involved in our project sites, our management and safety committee shall provide full cooperation in any engagements and investigations with the relevant authorities.

Specifically, for all our employees in 2022:

Description	Number of Incidence(s)	Rate
Fatalities due to Work Related Injuries	Zero incident	0.0
High Consequence Work Related Injuries (excluding fatalities)	Zero incident	0.0
Recordable Work-Related Injuries	Zero incident	0.0
Main Types of Work-Related Injuries	Death, amputation of a limb, laceration, fracture, hernia, burns, loss of consciousness, and paralysis, etc.	
Number of Hours Worked	200,000	

For all workers who are not employees but whose work and/or workplace is controlled by the Group in 2022:

Description	Number of Incidence(s)	Rate
Fatalities due to Work Related Injuries	Zero incident	0.0
High Consequence Work Related Injuries (excluding fatalities)	Zero incident	0.0
Recordable Work-Related Injuries	Zero incident	0.0
Main Types of Work-Related Injuries	Death, amputation of a limb, laceration, fracture, hernia, burns, loss of consciousness, and paralysis, etc.	
Number of Hours Worked	200,000	

"High Consequence Work Related Injuries" relates to work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six (6) months.

"Recordable Work Related Injuries" refers to work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

The safety and health of employees is a top priority for the Group. In order to maintain a safe work environment and minimise the risk of accidents or injuries, the Group ensures that ESH activities are implemented smoothly by providing regular refreshers on ESH requirements to employees. The Group also provides proper orientation to new employees and ensures that all competent persons wear proper personal protective equipment (PPE) when handling switching or energisation of power supply. Additionally, clear signage is displayed to alert employees to any potential hazards or unsafe work areas.

Other important measures include conducting regular safety audits, providing ongoing training and education opportunities, and maintaining emergency response plans. Project teams and competent personnel are responsible for enforcing safety protocols and leading by example in their adherence to PPE and other safety requirements. By prioritising the safety and well-being of all employees, the Group can maintain a productive and positive work environment.

TRAINING, EDUCATION, AND COMPETENCY BUILDING

The development of our employees through training, education and competency building programs are part of how the Group manage our social impacts. This is because the Group values human capital development and understands that social development begins within the organisation as well.

The Group has established its training policies and procedures across its business units to ensure training needs are identified in line with the achievement for competency of all personnel. The following are considered when identifying training needs:

(a) Job performance
(b) Level of skill/education
(c) Requirements of specific jobs

Time spent on employee development training to enhance knowledge or individual skills in 2022 has largely increased. In 2021, the tracked training hours amount to an average of two (2) hours per employee. However, in 2022, the total hours of training for employees (including directors) is 3,254 hours, this comes to an average of fifteen (15) hours of training, education and competency building.

EMPLOYMENT, HUMAN RIGHTS AND FAIR LABOUR PRACTICES

The Group in totality abides and complies with its Human Rights Policy as the central part of its employment management. All policies and practices on employment have to be anchored on the Human Rights Policy and also the Sustainability Policy (including the Group's Sustainability due diligence) so that social impacts with regards to employment is managed and addressed adequately.

Additionally, the Employee Handbook of the Group serves as a crucial policy and guidance for all matters directly involving employment and labour relations. Matters that are covered include location of employment, working hours, probation, promotion, transfer/secondment, termination, remuneration etc.

The Board's Sustainability Committee and the Sustainability Team continually reviews the people-related policies, processes and our approach to managing people. Matters are identified on a regular basis and are brought to the attention of the Sustainability Committee or the Board when necessary for decision making. Policies and procedures are reviewed at least once every two years and resulting changes would be made when deemed necessary to keep up with recent developments in standards, conventions, laws and regulations. We also benchmark ourselves with the industry that we are in by learning from peers and also the wider global trends. It comes to show that we are not taking a passive, but an active approach on our employment, labour relations and human rights dimensions.

Our Board, assisted by the Management, is responsible for developing strategies to meet the objectives of employment related policies, as well as monitoring the progress of achieving the objectives such as meeting Malaysia's target to have at least 30.0% women representation in decision-making positions and at least one female Board member, and zero involvement with forced labour, human trafficking and child labour.

For full time employees, the Group provides benefits that include:

- Group Term Life Insurance
- Group Hospitalisation Insurance
- Group Personal Accident Insurance
- Outpatient Medical Claim

The Group has established commitment and guidelines to provide a diverse workplace as the Group recognises the benefits arising from board and employee diversity. Diversity includes, but not limited to, gender, gender-orientation, age, race/ethnicity, religious, cultural background, and disabilities.

The Group commits to achieving:

I. A diverse and skilled workforce, leading to continuous improvement in service and achievement of Group goals;
II. Career development opportunities and improved employment for women;
III. A workplace that value and utilise the contribution of employees with diverse backgrounds and exposures through awareness of the benefits of workforce diversity.

The Group's strategies include:

I. Recruiting from a diverse pool of candidates for all positions;
II. Continuously identify any factor and to take into account the recruitment and selection process to encourage gender diversity;
III. Periodically review the succession plan to ensure gender diversity is in place.

The application of the Diversity Policy and Human Rights Policy in employment will increase the performance in increasing diversity and reducing discrimination. The Group is moving towards setting targets to improve additional workforce diversity, equal opportunities, or reduce discrimination – on race, religion, gender, gender-orientation, age, nationality and disabilities.

The Group also provides parental leave for employees. In 2022, six (6) male employees were entitled to parental leave, while two (2) female employees were given parental leave after delivering their new-borns. For female employees, they are given sixty (60) days parental leave in accordance with regulations.

To continue developing our internal competencies to manage people-related impacts, our Board, Management and employees attend trainings with regards to Human Rights in business and the workplace that are conducted by consultants and specialists in the area.

Human Rights training in in 2022:

Hours of training	2 hours
Number of Board Members Trained	5
Number of Senior Management and Management Trained	31
Percentage of Total Employees Trained	28%

While the Board and management have ultimate oversight and governance on people-related and human rights matters, the management also takes the views of the employees when making decisions.

We ensure that timely discussions, consultations and engagements are conducted with employees of different levels when there are any significant operations changes. Unless otherwise stated in the employment contract, policies or government regulations (during emergency situations such as during the pandemic or other forms of crisis), we practice a minimum notice period of two (2) weeks, prior to the implementation of significant operational changes. This minimum notice period would also be present if there are any collective bargaining agreements that arise in the course of our business. Being responsible employers, timely and meaningful consultation allows for the affected parties to understand and be prepared for the impacts of any significant changes.

Event Highlights

25 January 2022
MTN Danajamin Signing Ceremony

7 February 2022
CNY 2022 Celebration

7 September 2022
Mooncake Festival Celebration

Event Highlights

29 March 2022
KAB 25th Annual Dinner 2022 – Oscars Night

12 May 2022
Hari Raya 2022 Potluck Celebration

30 July 2022
Basic First Aid Training

24 July 2022
Basic Fire Fighting Training

10 September 2022
Gotong-royong at KAB Warehouse

26 November 2022
CSR Volunteering Service at HOPE Worldwide (Sentul KL)

9 February 2023
Project Asters Signing Ceremony between KABEH and SUSB

22 December 2022
Christmas Party & Gifts Exchange 2022

14 January 2023
CSR Donation to four (4) NGOs centers

2 February 2023
Token of Appreciation from Rentwise to KAB for the used of remanufactured computers over the years

Corporate Governance
Overview Statement

The Board of Directors ("the Board") of Kejuruteraan Asastera Berhad ("KAB" or "the Company") remains committed and continues to uphold to the highest standard of corporate governance in managing the affairs of KAB and its subsidiary companies (the "Group"), guided by the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance ("MCCG" or "the Code").

The Board takes note of the updates on the MCCG issued by the Securities Commission Malaysia with effect on 28 April 2021 ("MCCG 2021"). MCCG 2021 introduces new practices and additional guidance to strengthen the corporate governance culture of public listed companies.

The Board is pleased to present this Corporate Governance Overview Statement ("CG Statement") to provide the investors with an overview of the extent of compliance with three (3) Principles as set out below in the MCCG under the stewardship of the Board for the financial year ended 31 December 2022 ("FY2022") and/or up to the date of this CG Statement (where applicable) (hereinafter referred to as "Applicable Period"):-

PRINCIPLE A	PRINCIPLE B	PRINCIPLE C
BOARD LEADERSHIP & EFFECTIVENESS	EFFECTIVE AUDIT & RISK MANAGEMENT	INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

This CG Statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). In addition, the Corporate Governance Report ("CG Report") which sets out the application of each Practice is available for viewing in the Company's corporate website at

https://asastera.com/

KAB'S CORPORATE GOVERNANCE ("CG") HIGHLIGHTS

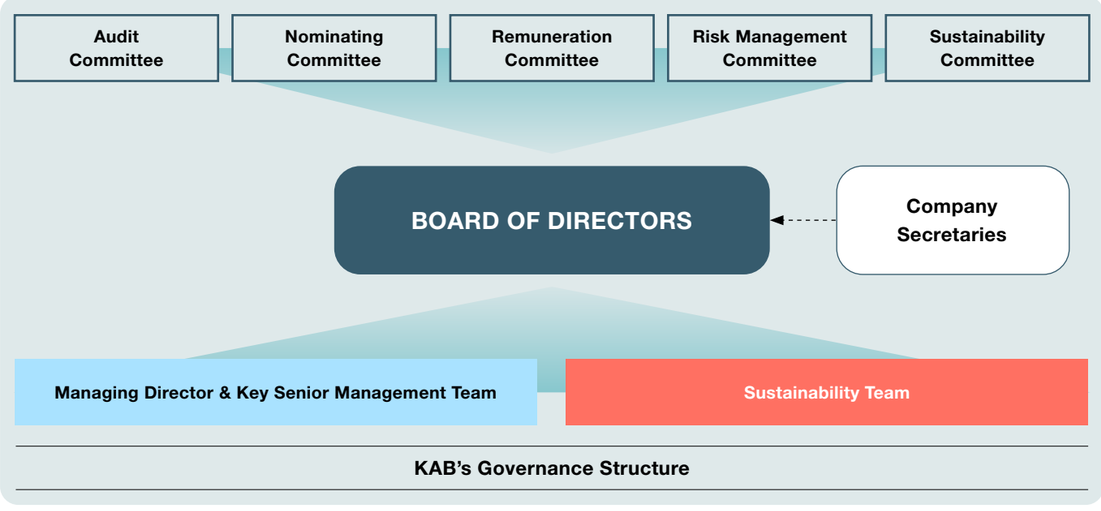
The Board is pleased to provide below a snapshot of the key CG focus areas for the Applicable Period:-

MCCG Practice	Applications by KAB
Practice 1.1: **Key Responsibilities of the Board**	√ Board's strategic planning and direction to Executive Management. √ Group business overview and financial performance oversight. √ Risk Management oversight – assisted by Risk Management Committee ("RMC"). √ Human resources planning and remuneration – ensure Executive Management retain key senior management personnel with integrity and competence. √ Stakeholders' communication – designated spokesperson for external parties and general public √ Internal Control and compliance – ensure robustness, adequate and with integrity.
Practice 5.8: **Nominating Committee is chaired by an independent or senior independent director**	√ The Nominating Committee ("NC") is chaired by Ms. Tong Siut Moi ("Ms. Tong"), an Independent Non-Executive Director. √ Ms. Tong has been designated as contact person to whom shareholders may raise their concern.
Practice 6.1: **Formal and objective evaluation on Board, its Committees and each individual director**	√ Facilitated by the Company Secretaries, Ms. Tong, as the Chair of the NC led the annual review of board effectiveness, ensuring the performance of each Director, the Board Committees, as well as the Board as a whole were duly assessed by the NC and be documented by the Company Secretaries.

ADOPTION OF STEP-UP PRACTICES

The Board is pleased to inform that KAB has gone a step further in strengthening its governance practices and processes by adopting the following Step-Up Practices of MCCG:-

MCCG Step-Up Practice	Applications by KAB
Step Up Practice 4.5: **The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company**	√ The Board has designated Ms. Lee, the General Manager for Corporate/ Human Resources as the Head of Sustainability Team ("SusTeam"). √ As a key senior management personnel, Ms. Lee has been tasked to lead the SusTeam which comprise representatives from various departments/ operations such as Finance, Corporate, Mechanical & Engineering Business Segment, and Energy Business Segment. √ Formation of Sustainability Committee ("SusComm") with effect from 8 April 2022 and headed by Mr. Lu Chee Leong, an Independent Non-Executive Director. √ SusTeam has been tasked to report on sustainability matters to the SusComm on a regular basis.
Step Up Practice 9.4: **The Audit Committee should comprise solely of independent directors**	√ The Audit Committee ("AC") of KAB comprises three Independent Directors, namely Mr. Lu Chee Leong, Datuk Dr. Ong Peng Su and Ms. Tong Siut Moi.
Step Up Practice 10.3: **Risk Management Committee with a majority of independent directors**	√ Formation of a Board-level Committee i.e. RMC since 17 November 2017. √ The RMC is chaired by Mr. Lu Chee Leong, an Independent Non-Executive Director. √ 66.7% of the RMC comprises INEDs and the remaining 33.3% are identified key senior management personnel – having due regards to the nature of business and operating environment of the core business of KAB.



KAB's Governance Structure

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Intended Outcome 1.0

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

(A) Board Functions

The Board is responsible for strategic planning, oversight, and the overall management of the Group. The Board has also delegated specific matters to various Board Committees which operate within their respective approved Terms of Reference ("TOR"). The Board leads and controls the affairs on behalf of the shareholders. The Board considers the interests of all stakeholders when making decisions to ensure that the twin objectives of enhancing prosperity and creating long term shareholders' value are met. In addition, the Board monitors the performance of the Group's various areas of operations. Further to elevate the compliance and to improve the Group's control environment, the following Board Committees are established:

Audit Committee ("AC")	Nominating Committee ("NC")	Remuneration Committee ("RC")	Risk Management Committee ("RMC")	Sustainability Committee ("SusComm")

This is to provide a clear division of responsibilities between the Executive Directors and Non-Executive Directors of the Board to attest to the good order of functions and performances. The Executive Directors are responsible for the implementation of the Board's decision and policies, overseeing of day-to-day management and coordination of business and strategic decisions. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. All material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board.

The Board discharged its responsibilities in the best interests of the Group, as follows:

Strategy planning

- The Board provides direction and has in place a strategy planning process, where management presents its recommended strategy and business plans to the Board for review and approval before implementation.
- During the FY2022, the Group has ventured into mechanical engineering projects as a means to diversify and strengthen its financial position.

Overseeing the conduct of the Group's business

- The Managing Director ("MD") and the Executive Directors are responsible to oversee the daily management of the Group's business and operations. The MD and the Executive Directors are assisted by various divisional heads in monitoring daily activities and further supported by the management and other committees established within the Group's management framework. The management's performance is monitored and assessed by the Board through management reports which are tabled to the Board on a periodic basis. These reports include a brief summary of business operations and comprehensive financial performance.
- The Board also required regular Management updates of key strategic initiatives and operational issues within the Group.

Identifying principal business risks and ensuring the implementation of appropriate systems to manage risks

- The Board would oversee the Enterprise Risk Management of the Group, with the assistance of Risk Management Committee ("RMC").
- The Board has established RMC, a Board-level Committee to determine and put in place a robust process for identifying, reporting, managing and monitoring potential high risk faced by the Group, apart from reviewing the risk management policies.
- RMC would also make feasible recommendation to the Board for establishing adequate and appropriate controls over the organisation, as well as advise the management in executing the appropriate action plan.

Succession planning

- The Board, with the assistance of the Nominating Committee ("NC"), ensures that an appropriate framework and plan for succession within the Group are in place.
- The Board has also entrusted the MD with the responsibility to review candidates, compensation packages and oversee development for key senior management personnel.
- During the FY2022, a new Divisional Financial Controller has been recruited to assist the Chief Financial Officer with operational accounting management at the division level.

Shareholders' Communication Policy and Activities

- The Company believes in, and emphasises, the importance of communication among shareholders, stakeholders and the Company. The objective of such communication proves to forge a quality public performance and increases awareness and confidence of interested parties towards the Company. The Board endeavours to ensure that pertinent information such as annual reports, quarterly reports, and announcements are released on a timely basis via:
  - Bursa Securities' website
  - KAB's website
  - General Meetings
- In addition, the Board noted certain press releases will also be released in conjunction of the issuance of quarterly reports and/or to supplement the announcement(s) on corporate activities.

Reviewing the adequacy and integrity of management information and internal controls system of the Group

- The Board is ultimately responsible for the adequacy and integrity of the Group's internal control system.
- The Board has established Board-level Committees such as Audit Committee ("AC"), Risk Management Committee with specific terms of reference to assist with the regular oversight and reporting on internal controls and regulatory compliance.
- The internal audit function has been outsourced to an independent consulting firm and the AC regularly reviews and scrutinises the audit reports.
- For the FY2022, details relating to the internal control system and review of effectiveness were available in the Statement on Risk Management and Internal Control as set out in this Annual Report.
- For FY2022, the Board has met held six (6) meetings in line with the business, operational and compliance needs of the Group. There are established procedures on the agenda, content and presentation of reports for each meeting so that all pertinent information is included.

Environmental, Social and Governance ("ESG") initiatives and Sustainability Governance

- In line with the MCCG 2021, the oversight of ESG initiatives and sustainability governance has been elevated to the Board level.
- During the FY2022 the Board assumed the oversight of ESG initiatives and compliance, with the establishment of a Board-level Committee known as "Sustainability Committee ("SusComm")".
- Chaired by Mr. Lu Chee Leong, an Independent Non-Executive Director, SusComm has taken over the role from the earlier established Management level "Sustainable Team".
- In line with the above enhancement, the "Sustainable Team" has been renamed to "Sustainability Team" to cover beyond ESG initiatives which include sustainability programmes and implementation.
- During the FY2022, a kick-off meeting of SusComm has been held to establish the Sustainability Governance Structure, terms of reference of the SusComm as well as a short briefing by the appointed ESG consultants on the roles and responsibilities of the SusComm.

(B) Independent Board Chairman – Datuk Dr. Ong Peng Su

The Board is led by Datuk Dr. Ong Peng Su ("Datuk Dr. Ong"), the Independent Non-Executive Chairman of the Board since 15 April 2021.

Key roles of Chairman

- providing leadership to the Board in setting the direction and policies of the Group;
- supporting and guiding Management in achieving corporate objectives;
- chairing the meetings of the Board in a manner that will encourage constructive discussion and effective contribution from each Director;
- reviewing the minutes of meetings of the Board before meetings, to ensure that such minutes accurately reflect the Board's deliberations and matters arising from the minutes and on which further action is required have been addressed;
- encouraging active participation and allowing dissenting views to be freely expressed;
- promoting high levels of corporate governance; and
- delegation of authority to Board Committees and ensuring the achievement of the objectives vide respective TOR.

Upholder of Good Corporate Governance Practices

- To ensure an effective overall functioning of the Board, the Chairman with the assistance of the MD and Company Secretaries leads the Board in establishing and monitoring good corporate governance practices in the Company.
- For the FY2022, Datuk Dr. Ong chaired all the 6 Board meetings held and encouraged active participation and healthy discussion to ensure that dissenting views can be freely expressed and discussed.
- In addition to proffering his valuable experience to the Board and Management, Datuk Dr. Ong ensures that decisions are taken on a sound and well-informed basis, including to ensure that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.
- The positions of the Chairman and MD are held by different individuals with clearly defined and district roles which are documented in the Board Charter.

Role separation of Chairman and Managing Director

- As outlined in the Board Charter, the Chairman is primarily responsible for matters pertaining to the Board and the overall conduct of the Company.
- The MD together with the Executive Directors oversee the running of the Group and the implementation of the Board's decisions, business strategies and policies. There is also a clear demarcation of responsibilities between the roles of the MD and Executive Directors to ensure a balance of authority and power, such that no one individual has unfettered powers of decision-making.
- There are clear roles and responsibilities between the Chairman, MD, Executive Directors and Independent Non-Executive Directors of the Board.
- All Independent Non-Executive Directors do not participate in the daily operations and management of the Group. There are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgment. They are pivotal in bringing impartially and scrutiny to the Board's deliberation and decision-making process.

Departure from Practice 1.4 of MCCG

Practice 1.4 of the MCCG 2021
- Chairman of the Board should not be a member of the Board Committee.

- For FY2022, The Board has departed from the recommendation of Practice 1.4 of the MCCG 2021 in view that Datuk Dr. Ong is a member of AC.
- Datuk Dr. Ong is conscious of his differing roles in the Board and in the Audit Committee. All issues before recommending to the Board are thoroughly deliberated at the committee levels which involved the participation of the other two (2) independent directors. All recommendations by the Committees to the Board have been arrived at unanimously and this would have eliminated the risk of self-review.
- In the immediate term of one to three years, the Board, with the assistance of the NC, would be looking into appointing another independent director to the Board, and subsequently as a member of the Audit Committee, thus relieving Datuk Dr. Ong from the arduous dual roles of Chairman of the Board as well as Member of the AC.

(C) Company Secretaries

2 Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries as follows:-

- Ms. Chua Siew Chuan, FCIS
- Mr. Cheng Chia Ping, ACIS

Continuous Professional Development

- The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, capital market, corporate governance, other pertinent matters and with changes in the same regulatory environment, through continuous training and industry updates.
- During the FY2022, the Company Secretaries have attended relevant development and trainings programmes as required by MAICSA for practicing chartered secretaries.to enhance their ability in discharging their duties and responsibilities.

Qualifications

- Both are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("the Act").
- Both the Company Secretaries have also obtained their practising certificates issued by the Companies Commission of Malaysia pursuant to Section 241(1) of the Act.

Unrestricted access to the Company Secretaries

- Every Director has ready and unrestricted access to the advice and services of the Company Secretaries in ensuring the effective functioning of the Board.
- The Directors were regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements issued by regulatory authorities and its implications to the Company and the Directors in relation to their duties and responsibilities.
- The Company Secretaries also play a key role to facilitate communication between the Board and Management.

Salient duties of the Company Secretaries

- Statutory duties as required under the Act, Main LR of Bursa Securities and Capital Market and Services Act 2007;
- Attending Board meetings and Board Committee meetings, respectively;
- Ensuring that Board meetings and Board Committee meetings, respectively are properly convened and the proceedings are properly recorded;
- Ensuring timely communication of the Board level decisions to the Management for further action;
- Ensuring that all appointments to the Board and/or Board Committees are properly made in accordance with the relevant regulations and/or legislations;
- Maintaining records for the purpose of meeting statutory obligations;
- Facilitating the provision of information as may be requested by the Directors from time to time and ensuring adherence to Board policies and procedures;
- Facilitating the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's notation;
- Assisting the Board with the preparation of announcements for release to Bursa Securities; and
- Rendering advice and support to the Board and Management.

(D) Supply and Access to Information

Ready access to information

- The Board may obtain all information pertaining to KAB from the Management and/or company secretaries.

Notification of Board Meetings

- The notice of the Board meeting is served at least seven (7) days prior to the Board meeting.

Dissemination of Board Papers

- Relevant Board papers were disseminated to all Directors at least seven (7) days prior to the Board meeting so as to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company.

Written Procedure for Board's Request of Professional Advices

- The Board has established a written procedure for Board's Request of Professional Advice since June 2020 to ease the Directors' need to consult independent advisers, if they deemed necessary.

Minutes of Board/ Committee Meetings

- All pertinent issues discussed at the meetings in arriving at decisions and conclusions are properly recorded in the discharge of the Board's duties and responsibilities. The management is also invited to attend Board meetings to furnish the Group with updates of their respective functions and to discuss on issues that may be raised by the Directors.
- Minutes of the Board/Board Committees Meetings have been accurately recorded by the Company Secretaries to reflect the deliberations, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.
- The Minutes was then tabled at the next following Board/Board Committees Meetings for perusal and confirmation. Upon Committee/Directors' confirmation, the Chairman of the Board/Board Committee Meetings signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the Act.

Intended Outcome 2.0

There is demarcation of responsibilities between the Board, Board Committees and Management.

There is clarity in the authority of the Board, its Committees and individual Directors.

(E) Board Charter

The Board is guided by a Board Charter. KAB was listed in November 2017 and the Board has adopted its Board Charter in year 2018 and was last updated on 1 March 2021 upon successful transfer of listing status from ACE Market. The latest Board Charter is available on KAB's website (www.asastera.com).

The Company's Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees and individual directors including Independent Non-Executive Chairman and MD. It also clearly identifies the issues and decisions reserved for the Board. The Board Charter will be periodically reviewed as and when necessary to ensure it remains relevant and consistent with the recommended best practices, and applicable rules and regulations.

Intended Outcome 3.0

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

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

(F) Code of Conduct and Ethics

The Board strongly believes in applying good working ethics and code of conduct in all business dealings. The Directors of the Company are guided by the Code of Conduct and Ethics. The Code of Ethics sets out the compliance with Legal and Regulatory Requirements and the Company's Policies, Observance of Board Charter, Duty to Act in the Best Interest of the Group, Competence, Integrity, Objectivity, Confidentiality and Fairness. The Company has also adopted the Fit and Proper Standards for Directors in ensuring all Directors set the tone and standards at the top with integrity and good character to nurture on ethical culture that engenders ethical conduct throughout all levels. The Code of Conduct and Ethics and Fit and Proper Standards for Directors is published on the Company's website. The Ethics and Compliance Whistleblowing Policy and Procedures was adopted in year 2020 to replace the Whistle-blower Policy adopted in year 2018. The Ethics and Compliance Whistleblowing Policy and Procedures provides an avenue for raising concerns related to possible improprieties in matters of financial reporting compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation. The Ethics and Compliance Whistleblowing Policy and Procedures lays down the communication channel available and the aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimisation, harassment or subsequent discrimination. Any person who wishes to report a suspected impropriety may submit his/her report to the Chairman of the AC.

The Board is mindful of the importance of business sustainability and is committed to conduct its business in a socially responsible manner. The Board promotes good corporate governance through sustainability practices by implementing sustainable corporate strategies and practices. The Company has embraced good corporate responsibility practices in the areas of workplace, community, environment and stakeholders' engagement.

Intended Outcome 4.0

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

(G) Sustainability strategies, priorities and target

The Company recognises that sustainability is pertinent for creating long term value for its business as well as its commitment as a responsible corporate citizen. As such, the Group engages with internal and external stakeholders through various channels to develop a better understanding of their needs and expectations.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives, throughout the year. The Boards are appraised, and they provide their views and opinions on any of the Group's sustainability issues during the Board meetings.

The Board has identified Ms. Lee, the General Manager for Corporate/ Human Resources as the Head of the SusTeam, to lead and manage the integration of sustainability considerations in the operations of the Company.

II. BOARD COMPOSITION

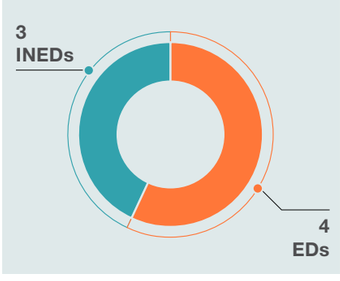
Intended Outcome 5.0

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

(A) Composition of the Board

The Group takes serious effort to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The Board currently comprises seven (7) members of whom three (3) members are Independent Non-Executive Directors as follows:-

Name	Status of Directorship
Datuk Dr. Ong Peng Su	Independent Non-Executive Chairman
Dato' Lai Keng Onn	Group Managing Director
Choong Gaik Seng	Executive Director
Datin Chan Pey Kheng	Executive Director
Goh Kok Boon	Executive Director
Lu Chee Leong	Independent Non-Executive Director
Tong Siut Moi	Independent Non-Executive Director



All three (3) Independent Non-Executive Directors fulfil the criteria of independence, as defined in the Main LR of Bursa Securities.

A brief profile of each Director is presented in the Profile of Directors section of this Annual Report. The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth of KAB.

(B) Tenure of Independent Directors

Practice 5.3 of the MCCG states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, an independent director may continue to serve the Board subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after a cumulative term of nine (9) years, justifications from the Board and shareholders' approval at a general meeting are required.

Currently, none of the Independent Directors of KAB has served more than nine (9) years.

(C) Recruitment Process and Annual Assessment of Directors and Independent Directors

The Board has put in place the necessary selection criteria for the appointment of Directors. Through Board Effectiveness Evaluation, the Directors are assessed annually and the findings are consolidated in a performance report which is analysed and tabled to the NC for review and endorsement by the Board.

All nominees and candidates to the Board are first considered by the NC taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director. The NC will then endorse the nominees and candidates for approval by the Board.

On the appointment of key senior management personnel, candidates are first considered by the NC where focus is on their skills set, competencies, experience, integrity and other qualities, prior to recommendation for approval by the Board.

For the FY2022, facilitated by the Company Secretaries, an annual evaluation of the Board, its committees and all Directors was conducted on 23 February 2023.

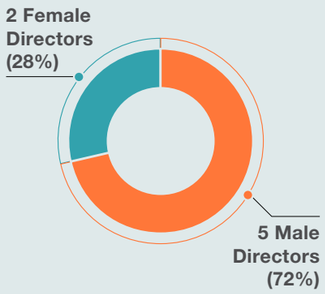
Re-appointment of Directors of the Company are in accordance with the Company's Constitution and good corporate governance practice. The performance of each Director of the Company was appraised by other Directors based on the characteristic of integrity, governance, participation, decision, independence, and strategic perspective. Thereafter, the evaluation survey questionnaires are compiled into a summary report. The report is presented to the NC before tabling to the Board.

For the FY2022, all the Directors met the expectations of the criteria set out in discharging their duties and responsibilities.

The performance and effectiveness of the Director and the Board were assessed individually and collectively, which include Directors' Self and Peer Evaluation, using evaluation survey questionnaires to evaluate the overall Board's performance against criteria that the Board determines are important to its success. The Board's performance and effectiveness evaluation in the FY2022 reported that the Board continues to operate effectively.

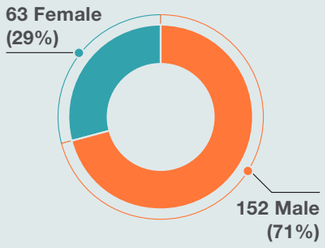
(D) Board Diversity

A gender diversity policy in accordance with the best practices of MCCG had been adopted in 2018. In FY2022, the Board comprised two (2) female Directors out of seven (7) Directors, representing 28% of the total Board members.



(E) Workforce Diversity

Our male and female employees' ratio shows a distribution of 71:29 as at 31 December 2022. Our total staff stood at 215 as at 31 December 2022.



(F) Nominating Committee

The Group places high importance to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The NC always monitors that there is an appropriate balance of expertise and ability. In addition, the NC also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Directors.

During the FY2022, the composition of the NC and the meeting attendance are as follows:

Name	Status of Directorship	Attendance	%
Tong Siut Moi (Chairperson)	Independent Non-Executive Director	1/1	100
Lu Chee Leong	Independent Non-Executive Director	1/1	100

The NC is empowered to bring to the Board, recommendations as to the appointment of any new Executive or Independent Non-Executive Director, provided that the Chairman of the NC, in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the NC brought forward to the Board. In making its recommendation, the NC will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

To ensure that the Board has an appropriate balance of expertise and ability, the NC would regularly review the profile of the required skills and attributes. This profile is used to assess the suitability as executive or non-executive directors for candidates put forward by the Directors and outside consultants. In addition, the NC also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Directors. All assessments and evaluations carried out by the NC in discharging its functions have been well documented.

The main activities carried out by the NC include the following:-

(a) Reviewed and confirmed the minutes of the NC meeting held in FY2022;
(b) Examined the composition of the Board;
(c) Evaluated the effectiveness of the Board and the Committees of the Board as a whole;
(d) Evaluated the contribution and performance of each Director;
(e) Reviewed the independence of the Independent Directors;
(f) Reviewed and recommended to the Board on the re-election of the Directors on rotation at the forthcoming annual general meeting ("AGM") of the Company;
(g) Reviewed and recommended to the Board on the re-designation of the position of the Directors;
(h) Reviewed and recommended to the Board on the appointment of new Directors; and
(i) Performed exit interview with the resigned Directors.

(G) Time Commitment

The Group has high expectations of the availability and commitment of its Board members. The Board meets at least quarterly to consider, inter alia all matters relating to the overall control, business performance and strategy, annual business plans and budgets, operational and financial performance reports, quarterly reports, capital expenditure of the Group. Additional meetings will be called as and when necessary.

KAB has adopted a Written Guideline issued in relation to the time commitment of the Board members since year 2020.

(H) Board Meeting

To ensure attendance of Board meetings, the meeting dates for the calendar year are set at the beginning of the year and the Board usually confirms their attendance for each meeting. The attendance record of the Directors for FY2022 was satisfactory.

During the FY2022, the Board held a total of six (6) meetings and details of the attendance record of the Board are set out below:

Name	Status of Directorship	Attendance	%
Datuk Dr. Ong Peng Su	Independent Non-Executive Chairman	6/6	100
Dato' Lai Keng Onn	Group Managing Director	6/6	100
Choong Gaik Seng	Executive Director	6/6	100
Datin Chan Pey Kheng	Executive Director	6/6	100
Goh Kok Boon	Executive Director	6/6	100
Lu Chee Leong	Independent Non-Executive Director	6/6	100
Tong Siut Moi	Independent Non-Executive Director	6/6	100

In the intervals between Board Meetings, for any matters requiring Board's decision, the Board's approvals are obtained through Directors' Written Resolutions ("DWR"). The resolutions passed by way of DWR would also be tabled for notation at the subsequent Board Meeting.

(I) Directors' Continuous Professional Development

The Company recognises the need to enhance the skills of the Board members. All existing Directors of the Company have successfully completed the Mandatory Accreditation Programme as required by Bursa Securities on all directors of listed companies.

The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development.

During the FY2022, the Directors have collectively attended 34 development and training programmes according to their individual needs to enhance their ability in discharging their duties and responsibilities more effectively. The details of these training programmes were as appended below:-

Director	Date	Type	Training Programme
Dato' Lai Keng Onn	04.03.2022	Training	Training on Human Rights & Human Rights Policy
	09.04.2022	Training	ISO 14001:2015 Appreciation & Interpretation Training
	25.06.2022	Workshop	Electrical Safety at Work
	26.11.2022	Training	Basic Fire Fighting & Emergency Response Plan and Preparedness Training
	10 - 11.12.2022	Training	Basic Occupational First Aid, CPR and AED Training

Director	Date	Type	Training Programme
Datin Alicia Chan Pey Kheng	04.03.2022	Training	Training on Human Rights & Human Rights Policy
	09.04.2022	Training	ISO 14001:2015 Appreciation & Interpretation Training
	28.10.2022	Training	Sustainability from the Top: Sustainability Governance Through Policies and Procedures
	21.11.2022	Training	Sustainability Reporting: Transitioning to the new GRI Standards
	26.11.2022	Training	Basic Fire Fighting & Emergency Response Plan and Preparedness Training
	10 - 11.12.2022	Training	Basic Occupational First Aid, CPR and AED Training
	27.12.2022	Training	Climate Change, Greenhouse Gas and Net Zero Commitments
Choong Gaik Seng	04.03.2022	Training	Training on Human Rights & Human Rights Policy
	09.04.2022	Training	ISO 14001:2015 Appreciation & Interpretation Training
	25.06.2022	Workshop	Electrical Safety at Work
	26.11.2022	Training	Basic Fire Fighting & Emergency Response Plan and Preparedness Training
	10 - 11.12.2022	Training	Basic Occupational First Aid, CPR and AED Training
Goh Kok Boon	04.03.2022	Training	Training on Human Rights & Human Rights Policy
	09.04.2022	Training	ISO 14001:2015 Appreciation & Interpretation Training
Lu Chee Leong	14.02.2022	Training	ISO 37001 Anti-Bribery Management Systems Awareness & Implementation
	02.03.2022	Training	TCFD 101 Getting Started With Climate-Related Financial Reporting
	09.03.2022	Training	TCFD 102 Building Experience In Climate-Related Financial Reporting
	18.03.2022	Training	MIA Webinar Series - ESG Oversight for Board
	29-30.03.2022	Training	MIA AccTech Conference 2022
	12.05.2022	Training	MIA Ethics Webinar and Quiz 2.0
	28.10.2022	Training	Sustainability from the Top: Sustainability Governance Through Policies and Procedures
	17.11.2022	Training	MIA Ethics Webinar and Quiz
	21.11.2022	Training	Sustainability Reporting: Transitioning to the new GRI Standards
Tong Siut Moi	09.08.2022	Training	Advocacy Session for Directors and Senior Management of Main Market Listed Issuers (Online)
	05-06.10.2022	Conference	MAICSA Annual Conference 2022 (Webinar)
	28.10.2022	Training	Sustainability from the Top: Sustainability Governance Through Policies and Procedures
	21.11.2022	Training	Sustainability Reporting: Transitioning to the new GRI Standards
	27.12.2022	Training	Climate Change, Greenhouse Gas and Net Zero Commitments

Internal Remarks :
1) Datuk Dr. Ong did not attend any training/workshop in Year 2022

2023 Training Needs

Upon review of the training needs of the Directors for the financial year ending 31 December 2023 and recognising the need to keep abreast with the fast-changing business and regulatory environment, the Board has encouraged its members to attend at least one (1) continuing education programme.

(J) Annual Assessment of the Board

Intended Outcome 6.0

Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

In compliance with Practice 6.1 of the MCCG, on behalf of the Board, the NC conducted the following assessments annually and subsequently reported the respective results to the Board for notation:-

(a) Directors' self and peers performance evaluation

The evaluation forms were circulated to each and every Director for completion. The Directors are required to assess his/ her own performance, as well as the performance of his/her peers based on the questionnaire provided. The evaluation results were compiled by the company secretaries and tabulated at the NC meeting, for the NC's review.

In conducting the evaluation, the NC had assessed the performance of each individual Director based on the following main criteria:-

- Fit and proper;
- Contribution and performance; and
- Caliber and personality.

Overall, the NC is satisfied with the performance of the individual Directors for the FY20222.

(b) Evaluation on the effectiveness of Board and its Committees

The evaluation forms were completed by the members of the NC on individual basis. The evaluation results were compiled by the company secretaries and tabulated at the NC meeting, for NC's review.

In conducting the evaluation, the following main criteria were adopted by the NC:-

- Board operations;
- Board roles and responsibilities; and
- Board performance.

Based on the evaluation conducted for the FY2022, the NC was satisfied with the performance of the Board and its Committees.

Upon review, the NC agreed that the current board size of seven (7) Directors befit the size and business operations of KAB.

(c) Annual assessment of independence of Directors

The Board noted that Letters of Declaration by Independent Director have been executed by the following Independent Non-Executive Directors of the Company, confirming their independence pursuant to relevant Main LR of Bursa Securities. They have undertaken to inform the Company immediately if there is any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company:-

- Datuk Dr. Ong Peng Su;
- Mr. Lu Chee Leong; and
- Ms. Tong Siut Moi.

Based on the outcome of the abovementioned assessments, the Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

The Board considers that its Independent Directors provide an objective and independent views on various issues at the Board and Board Committee level.

Save for the Executive Directors, all Non-Executive Directors satisfy the criteria of an Independent Director as defined under the Main LR of Bursa Securities which include being independent of Management, free from any business or relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholder.

The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

(d) Re-election/Re-appointment to the Board

(i) Re-election of existing Directors

All Directors are subject to re-election by shareholders after their first appointment on the forthcoming AGM. The Company's Constitution states that at least 1/3 of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM and all Directors stand for re-election at least once in every three (3) years.

The NC, as guided by the Directors' Assessment Policy, has undertaken a formal assessment of the Retiring Directors using the abovementioned criteria and was satisfied with the performance of the Retiring Directors.

The following Directors shall retire at the forthcoming 26th AGM pursuant to Clause 76(3) of the Constitution of the Company:-

- Dato' Lai Keng Onn; and
- Ms. Tong Siut Moi

(collectively, the "Retiring Directors").

Based on the outcome of the assessments and evaluation on the Directors concerned, the Board is satisfied with the performance and contribution of the Retiring Directors, and their ability to act in the best interest of the Company.

Therefore, the Board would be recommending to the shareholders, the re-election of the Retiring Directors at the forthcoming 26th AGM of the Company. The Board would cordially invite shareholders to vote in favour in respect of the resolutions for the re-election of the Retiring Directors.

(ii) Re-appointment to the Board

Pursuant to Clause 78 of the Constitution of the Company, any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

None of the Directors shall retire at the forthcoming 26th AGM pursuant to Clause 78 of the Constitution of the Company.

III. REMUNERATION

Intended Outcome 7.0

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

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

(A) Remuneration Committee ("RC")

The RC comprises exclusively of Independent Non-Executive Directors as follows:

Name	Status of Directorship	Attendance	%
Tong Siut Moi (Chairperson)	Independent Non-Executive Director	1/1	100
Lu Chee Leong	Independent Non-Executive Director	1/1	100

The Board delegates to the RC the responsibility to consider and approve the remuneration arrangements of the Directors and key senior management personnel in the Group to ensure that the policy is fair and able to attract and maintain talent.

The RC is guided by appropriate policies and procedures when reviewing and recommending remuneration of Directors and key senior management personnel. The RC ensures that the levels of remuneration for Executive Directors and key senior management personnel commensurate with their level of responsibilities undertaken and contributions to the effective functioning of their roles.

The RC met once during the FY2022, reviewed and recommended to the Board for approval on the following matters:-

(a) minutes of the RC held in FY2022;
(b) Directors' fees for the financial year ending 31 December 2022;
(c) Directors' fees payable to the new Chairman; and
(d) payment of benefits payable to the Directors under Section 230(1)(b) of the Act.

The TOR of the RC is available for viewing at the Group's corporate website at https://asastera.com/.

Intended Outcome 8.0

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

(B) Details of the Directors' Remuneration for the FY2022

The remuneration of Non-Executive Directors is proposed by the RC before tabling to the Board for further recommendation to the Shareholders for approval.

The fees proposed for Non-Executive Directors will be tabled for the shareholders' approval at the Company's 26th Annual General Meeting scheduled on 30 May 2023.

The amounts of remuneration paid to Directors are disclosed in the notes to the audited financial statements. The details of the nature and amount of each major element of the Directors' remuneration for the FY2022 are as follows:

NAME OF DIRECTORS	DIRECTORS' FEE	DIRECTORS' REMUNERATION				GRAND TOTAL
		SALARY	BONUS	BENEFITS IN KIND	OTHERS	
Executive						
LAI KENG ONN	-	1,182,720	88,000	25,000	180,000	**1,475,720**
CHOONG GAIK SENG	-	389,760	29,000	3,500	36,000	**458,260**
GOH KOK BOON	-	497,280	37,000	12,500	60,000	**606,780**
CHAN PEY KHENG	-	631,680	47,000	-	-	**678,680**
Non-Executive						
TONG SIUT MOI	72,000	-	-	-	-	**72,000**
LU CHEE LEONG	78,000	-	-	-	-	**78,000**
ONG PENG SU	300,000	-	-	-	-	**300,000**
2022	**450,000**	**2,701,440**	**201,000**	**41,000**	**276,000**	**3,669,440**

Remarks:
1) Employer's SOCSO & SIP are not included in the above figures.
2) The figures above are expressed in MYR

(C) Details of top six (6) Senior Management's remuneration for the FY2022

The remuneration of the top six (6) Senior Management of the Group is as follows:-

Total Amount of Remuneration	Number of Senior Management
MYR100,000 and below	-
MYR100,001 to MYR200,000	2
MYR200,001 and above	4
Total	**6**

The Board has considered this practice and is of the opinion that the disclosure of the top six (6) Senior Management's remuneration on a named basis would not be in the best interest of the Group.

The Board will ensure that the remuneration of Senior Management is fair and commensurate with the performance of the Company and the contribution made by the Senior Management.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Intended Outcome 9.0

There is an effective and independent Audit Committee.

The Board is able to objectively review the Audit Committee's findings and recommendations.

The Company's financial statement is a reliable source of information.

(A) Audit Committee and Risk Management Committee

During the FY2022, the composition of the AC and the meeting attendance are as follows:

Name	Status of Directorship	Attendance	%
Lu Chee Leong (Chairman)	Independent Non-Executive Director	5/5	100
Tong Siut Moi	Independent Non-Executive Director	5/5	100
Datuk Dr. Ong Peng Su	Independent Non-Executive Chairman	5/5	100

During the FY2022, the composition of the RMC and the meeting attendance are as follows:

Name	Status of Directorship	Attendance	%
Lu Chee Leong (Chairman)	Independent Non-Executive Director	2/2	100
Tong Siut Moi	Independent Non-Executive Director	2/2	100
Dato' Lai Keng Onn	Group Managing Director	1/2	50

No appointment of former key audit partners as Audit Committee/Board Member

Practice 9.2 of the MCCG requires the AC to have a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

Financial Reporting

The Board has always endeavoured to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts. The AC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Malaysian Financial Reporting Standards (MFRS) and Main LR of Bursa Securities.

In presenting the annual audited financial statements and quarterly financial reports to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects. The AC reviews the Group's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy, and completeness prior to presentation to the Board for its approval.

Compliance with Applicable Financial Reporting Standards

The Board is committed to provide a balanced, clear, and meaningful assessment of the financial performance of the Group via all relevant disclosures and announcements made.

The AC assists the Board to oversee and scrutinises the process and quality of financial reporting, which includes monitoring and reviewing the integrity of the financial statements and appropriateness of the Group's accounting policies to ensure accuracy, adequacy, and completeness of the report, as well as compliance with the relevant accounting standards.

Assessment of Suitability and Independence of External Auditors

The AC performs an annual assessment on the performance, suitability and independence of the external auditors as well as reviewing the non-audit services provided by the external auditors, if any, based on the four (4) key areas:

- Quality of service;
- Sufficiency of resources;
- Communication and interaction; and
- Independence and objectivity

KAB has established transparent and appropriate relationship with the external auditors through AC. The AC has obtained an assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC is satisfied with the competence and independence of the external auditors.

The AC had met with the external auditors three (3) times in FY2022.

The AC's TOR include the review of and deliberation on the Group's financial statements, the audit findings of the external auditors arising from their audit of the Group's financial statements and the audit findings and issues raised by internal auditors together with the management's responses thereon.

External auditors, internal auditors, Executive Directors and members of senior management attend the meetings at the invitation of the AC.

For details on the functions, composition, membership, and summary of works of the AC in the FY2022, please refer to the AC Report in this Annual Report.

Intended Outcome 10.0

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

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

(B) Risk Management and Internal Control

The Board is committed to maintain a good risk management framework and sound system of internal control within the Group. The Group has an embedded risk management framework process for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group.

Both AC and RMC assist the Board in discharging these responsibilities by overseeing the risk management framework and advise the Board on areas of high risk encountered by the Group as well as the adequacy of compliance and controls. The AC and RMC also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks.

Intended Outcome 11.0

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

The internal audit function of the Group is outsourced to an independent professional services firm to provide the AC and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control.

The details of the internal control system are set out in the Statement of Risk Management and Internal Control in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(A) Communication with Stakeholders

Intended Outcome 12.0

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

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

Corporate Disclosure Policy

The Board has set up pertinent corporate disclosure policies and exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner.

Dissemination of Information

The Company exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner. In accordance with best practices, the Board would strive to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and the Company's website. Price sensitive information refers to any information that, on becoming generally available, would tend to have a material effect on the market price of the Company's listed shares.

Members of the Board and key senior management personnel with privy to price sensitive information are prohibited from dealing in the shares of the Company until such information is publicly available. This is in addition to the provisions relating to the "closed period" for dealing in the Company's shares.

In addition, the Company's website incorporates an Investor Relations section where the annual report and quarterly financial report would be captured. Directors' Report and Audited Financial Statements, Annual Reports, Quarterly Report together with the Company's announcements and other information about the Company are available on our website (www.asastera.com).

Communication and Engagement with Shareholders

The Company communicates with its shareholders through the timely release of financial results on a quarterly basis, annual report, press releases and announcements to Bursa Securities. Financial results and press releases are also placed on the corporate website to keep shareholders and investors informed of the Company's performance.

Shareholders, investors and members of the public who wish to contact the Company on any enquiry, comment or proposal can channel them through e-mail at asastera@asastera.com.

Shareholders and investors can obtain the Company's latest announcements such as quarterly financial report at Bursa Securities' website (www.bursamalaysia.com) and the Company's website (www.asastera.com).

(B) Conduct of General Meeting

Intended Outcome 13.0

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

Shareholders Participation at General Meeting

In addition to communicating and engaging shareholders through annual reports, annual general meetings, continuing and timely disclosures of information, the Company welcomes dialogues with shareholders and investors to discuss issues and obtain feedback.

The Notice of Annual General Meeting is issued to the shareholders together with this 2022 Annual Report 28 days before the Annual General Meeting. This would accord sufficient time for the shareholders to make the necessary arrangements to attend and participate in person or by proxy. In conjunction with this, Annual Reports are dispatched together with all relevant information supporting each proposed resolution to enable the shareholders to evaluate and vote accordingly. All Directors of the Company will present at the Company's General Meetings to answer any questions that the shareholders may ask. The Chairman of the meeting provides time for the shareholders to ask questions for each agenda in the notice of the annual general meeting. The external auditors will also be present at the annual general meeting to answer any questions that the shareholders may ask.

Notwithstanding the COVID-19 being in an endemic phase, the Board continues to exercise precautions and preventative measures to observe the best practice as advocated by the Malaysian Ministry of Health. These include the option of remote shareholders' participation at the Annual General Meeting. The Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolution in general meeting.

Poll Voting

In line with the Main LR of Bursa Securities, all resolutions put to general meetings will be voted by poll. An independent scrutineer will be appointed to validate the votes cast at general meetings.

STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE CODE

The Board is committed to adopt the Practices of the MCCG throughout the Group applying the highest level of integrity and ethical standards in all its business dealings.

The Board is of the opinion that for FY2022, the Group has substantially complied with the Principles and Best Practices as set out in the Code.

Key Focus Areas for financial year ending 31 December 2023 ("FY2023")

The key priorities of our CG Practices for FY2023 are as follows:

- √ Resilience and continuous adapting to the new normal due to the COVID-19 endemic;
- √ Ensuring the integrity of the Group's financial accounting and reporting process be maintained;
- √ Ensuring the internal and external audit process as well as risk management oversight by the Board be duly maintained; and
- √ ESG initiatives be duly implemented and disclosed accordingly.

This Statement is approved by the Board of Directors at the Board Meeting held on 27 April 2023.

Audit Committee Report

The Board of Directors ("the Board") of Kejuruteraan Asastera Berhad ("KAB" or "the Company") is pleased to present the Audit Committee ("AC") Report which provides insights as to the manner the AC discharged its functions for KAB and its subsidiary companies ("the Group") for the financial year ended 31 December 2022 ("FY2022").

COMPOSITION AND ATTENDANCES

The AC comprises three (3) members, which consist of one (1) Independent Non-Executive Chairman and two (2) Independent Non-Executive Directors. This complies with Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Five (5) meetings were held during FY2022 and the attendance of the AC members were as follows:

Name	Status of Directorship	Attendance	%
Lu Chee Leong (Chairman)	Independent Non-Executive Director	5/5	100
Tong Siut Moi	Independent Non-Executive Director	5/5	100
Datuk Dr. Ong Peng Su	Independent Non-Executive Chairman	5/5	100

Mr. Lu Chee Leong is a member of Association of Chartered Certified Accountants and also a Chartered Accountant of the Malaysian Institute of Accountants which fulfils the requirement under Paragraph 15.09(c)(i) of the Main LR of Bursa Securities. In compliance with Practice 9.1 of the Malaysia Code on Corporate Governance ("MCCG"), the AC Chairman is not the Chairman of the Board of the Company.

No alternate director of the Board shall be appointed as a member of the AC. Neither any of the AC members was previously a partner in the incumbent External Auditors, Messrs. Kreston John & Gan in the previous three (3) years. Also, none of the AC members hold any financial interest in Messrs. Kreston John & Gan.

The performance of the AC and each of its members were reviewed by the Nominating Committee ("NC") on 23 February 2023. The NC assented to the demonstrated satisfactory performance of the AC and each of its member in the discharge of functions, carrying out of duties and assumption of responsibilities, all in accordance with the Terms of Reference ("TOR") of the AC. The NC has thus supported the Board in ensuring appropriate corporate governance standards within the Group.

TERMS OF REFERENCE

The TOR for the AC is available for reference on the Company's website (www.asastera.com).

MEETINGS

The AC met five (5) times during the FY2022 as follows:-

No.	AC Meeting	Date of Meeting	Private sessions with External Auditors without Executive Board members and Management
(1)	(1/2022) AC Meeting	24 February 2022	√
(2)	(2/2022) Special AC Meeting	8 April 2022	
(3)	(3/2022) AC Meeting	27 May 2022	
(4)	(4/2022) AC Meeting	23 August 2022	
(5)	(5/2022) AC Meeting	23 November 2022	

The External Auditors had attended three (3) AC meetings held in the FY2022. The External Auditors were encouraged to raise with the AC any matters they considered important to bring to the AC's attention. For FY2022, one (1) private session was held between the AC and the External Auditors without the presence of the Executive Board members and management staff.

The Chairman of AC also sought information on the communication flow between the External Auditors and the Management which was necessary to allow unrestricted access to information in order to have the External Auditors to carry out their duties effectively.

Notices of the AC Meeting were sent to the AC Members at least seven (7) days in advance. The relevant meeting papers would be compiled for dissemination to the AC by email and/or by hand.

All deliberations during the AC Meeting were duly minuted and tabled for confirmation at the next Meeting and subsequently presented to the Board for notation.

The Chairman of AC presented the AC's recommendations together with the respective rationale to the Board for approval of the annual audited financial statements and the unaudited quarterly financial results. As and when necessary, the Chairman of AC would convey to the Board matters of significant concern raised by the internal or External Auditors.

As a standing practice, the Managing Director, Chief Financial Officer, Senior Finance Manager, General Manager and External Auditors were invited to attend the AC meetings (except for private session) to facilitate the presentation as well as to provide clarification on audit issues arising from the Group's operations. The outsourced professional Internal Auditors were invited to attend the AC meetings to table their respective internal audit ("IA") reports.

SUMMARY OF WORKS

The summary of works undertaken by the AC during the preceding financial year comprised the following:-

1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial reports for the quarters ended 31 December 2021, 31 March 2022, 30 June 2022 and 30 September 2022 and recommended the same for the Board's approval;
- Reviewed the draft audited financial statements for the FY2022 and recommended the same for the Board's approval; and
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

2. Oversight of External Auditors

- Reviewed Audit Planning Memorandum prepared by the External Auditors for the FY2022, entailing mainly the overview of audit approach, scope of work, auditing developments, significant risks and areas of audit focus of the Group and of the Company;
- Reviewed the External Auditors' scope of work and audit plan for the year end recommended to the Board on their appointment and remuneration;
- Met with the External Auditors without the presence of the Executive Directors and the management;
- Received and discussed with the External Auditors on the Auditors' Report as presented by the External Auditors and, recommendations for improvement to significant risk areas, internal control and financial matters based on observations made in the course of the interim and final audits;
- Reviewed the effectiveness, suitability and independence of the External Auditors vide a formalised "Assessment on External Auditors" and being satisfied with the results of the said assessment, the same has been recommended to the Board for approval;
- Discussed and reviewed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board, and the scope of work and audit plan for the FY2022;
- Reviewed the proposed audit fees for FY2022 and recommended the same for Board's approval; and
- Reviewed and approved the fee for non-audit services and recommended the same for Board's approval.

3. Related party transactions

- Reviewed any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions on management integrity at each AC quarterly meetings.

4. Oversight of Internal Auditors

- Reviewed and approved the annual internal audit plan for FY2022 as proposed by the Internal Auditors to ensure the adequacy of the scope and coverage of work;
- Reviewed the Internal Audit Reports presented by the internal auditors on their findings and identifying key areas of concerns as well as highlighting recommendations for improvements and carried out follow-up audits; and
- Recommended for the Board's approval, the appointment of an independent firm for outsourcing of the internal audit function of the Company, by reviewing the suitability, experience and resources of that independent firm, and the experience of the supervisory and professional staff assigned.

5. Oversight of Risk Management and Internal Control Matters/Other Matters

- Reviewed the adequacy and effectiveness of the risk management framework, risk register and the appropriateness of management's responses to key risk areas and proposed recommendations for improvements to be implemented;
- Reviewed and discussed the collection of the trade receivables;
- Reviewed the Company's performance against the budget for the FY2022;
- Reviewed the solvency of the Company; and
- Reviewed Corporate Governance Overview Statement and AC Report.

INTERNAL AUDIT FUNCTION

1. Appointment

The Group has appointed an outsourced independent consulting firm to carry out the internal audit function, namely Talent League Sdn. Bhd. ("Talent League"), providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the AC, assurance of the effectiveness of the system of internal control in the Group.

The internal audit function is independent. It performs audit assignments with impartiality, proficiency and due professional care.

The profile of Talent League is set out as follows:-

Date of appointment	:	20 May 2021
Principal Engagement Director	:	Mr. Roy Thean Chong Yew
Qualifications	:	• Member of the Malaysian Institute of Accountants; • Member of the Malaysian Institute of Certified Public Accountants; and • Member of the Institute of Internal Auditors Malaysia.
Experiences	:	Mr. Roy Thean has over 20 years of working experience in local and international professional services firms. His work encompasses a wide range of professional services with his core practice being in corporate finance and advisory work for transaction support services including business valuations, financial due diligence, preparation of business plans and financial modelling, internal control and business risk review, corporate governance, risk management, merger / acquisition related services, internal and external auditing.
Number of resources	:	Talent League deployed 2 to 3 personnel per audit review.

For FY2022, the Talent League engagement team personnel have affirmed to the AC that in relation to the Company/ Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.

2. Summary of Internal Audit Works for the FY2022

During the FY2022, summary of works undertaken by Talent League comprised the followings:-

- Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- Assessed the adequacy and integrity of the Group's system of internal controls for the review period from 1 January 2022 to 31 December 2022 for Draughting, Business Continuity Management and Project Management and Administrative;
- The internal audit performed met the objective of highlighting to the AC the audit findings which required follow-up actions by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system;
- Presentation of audit findings and corrective actions to be taken by Management in the quarterly AC meetings;
- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe; and
- Reviewed and assessed the key observation of the internal audit function of the Company as well as the accompanying findings of the thematic reviews and key takeaways, issued by Bursa Securities.

The internal auditor is guided by the International Professional Practices Framework promulgated by the Institute of Internal Auditors. Observations and findings from the audit reviews, including the recommended corrective actions were discussed with the management. The internal audit report together with the management's response and proposed corrective action plans were then presented to the AC for its review during the quarterly meetings. Follow up review was also conducted to ensure corrective actions have been implemented.

Further details of the activities of internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

3. Total Costs Incurred for the FY2022

The total fees incurred for the outsourced internal audit function of the Group for FY2022 is MYR27,400 (FY2021: MYR27,400).

This AC Report was presented and approved at the meeting of the Board of Directors held on 27 April 2023.

Statement on Risk Management and Internal Control

1. INTRODUCTION

The Board of Directors ("the Board") is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control of Kejuruteraan Asastera Berhad ("KAB" or "the Company") and its subsidiary companies ("the Group") for the financial year ended 31 December 2022 ("FY2022"). This Statement on Risk Management and Internal Control is issued in line with the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on the status of the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code on Corporate Governance. The Board is committed to maintaining a sound system of internal control of the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the current financial year.

2. BOARD RESPONSIBILITIES

The Board recognises the importance of sound systems on risk management and internal control in safeguarding the assets of the Group. However, the systems are designed to manage rather than to eliminate the business risk entirely. The Board is guided by the systems which provide only reasonable and not absolute assurance against the material misstatement or fraud.

The Group has in place an on-going process to identify, evaluate, monitor and manage significant risks through the internal controls set out in order to attain a reasonable assurance that business objectives have been met. These controls are regularly reviewed by the Board and subject to continuous improvement.

3. RISK MANAGEMENT FRAMEWORK

The Board has established and developed an Enterprise Risk Management framework to achieve the following objectives:

- communicate and disseminate across the organisation the vision, role and direction of the Group;
- identify, assess, evaluate and manage the various principal risks which affect the Group's business;
- create a risk-awareness culture and risk ownership for more effective management of risks;
- formulate a systematic process of review, tracking and reporting on keys risks identified and corresponding mitigation procedures; and
- define a set of risk appetite and risk tolerance level within business practices.

A risk analysis of the Group is conducted on a regular basis including constantly reviewing the process in identifying, evaluating and putting up necessary action to assess and monitor the impacts of the risk on the operation and business. The process requires management to utilise a risk matrix by comprehensively identifying and assessing all types of risks in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. Significant risks identified are subsequently brought to the attention of Risk Management Committee ("RMC") and report the same to the Board at the scheduled Board meetings. This serves as the on-going process of identifying, assessing and managing risks faced by the Group and has been in place for the financial year under review and up to the date of approval of this statement for inclusion in the Annual report.

The Group's risk management monitoring continues to be driven by the Executive Directors and assisted by the selected key management personnel. The Executive Directors and the selected key management personnel are responsible for identifying, evaluating and monitoring risks and taking appropriate and timely actions to manage the risks. These processes are embedded and carried out as part of the Group's operating and business management processes. External and relevant professionals would be drawn on to assist and provide advices to the management when necessary. To ensure the objectivity of the review on the risk management processes and internal control procedures in the Group, the RMC and Audit Committee ("AC") are tasked by the Board to undertake this role respectively.

In conducting its review, the processes are regularly reviewed by the Board via the AC at the quarterly Board meeting with the assistance from an outsourced independent consulting firm namely, Talent League Sdn. Bhd. To further review and improve the existing internal control procedures within the Group. The Group will continue to focus on the key risks and corresponding controls to ensure that they are able to respond effectively to the fast-changing business and competitive environment.

The management further supplements the review on the control and risk assessment when presenting the quarterly financial reports on performance and results to the AC and the Board including pertinent explanations on the performance of the Group. With management consultation, the AC reviews and analyses the interim financial results in corroboration with management representations on the operations as well as deliberates the annual report and audited financial statements before recommending these documents to the Board for approval.

4. INTERNAL CONTROL FRAMEWORK

The other key elements of the Company's internal control procedures are as described below:

- Quarterly monitoring of operational results against the budget by the management and tabling for the Board's review and discussion;
- Regular and comprehensive information provided to the Board, covering financial performance and key performance business indicators;
- Regular updates of internal policies and procedures, to reflect changing risks or resolve operational efficiencies; and
- Regular management meeting with all key personnel of respective department to address weaknesses and improve efficiency.

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may have material impact against the operations of the Group for the FY2022.

5. MANAGEMENT WITH RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa Securities' Guidelines, the management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objective and performance.

In producing this Statement, the Board has received assurance from the Managing Director ("MD") and Chief Financial Officer that, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

6. BOARD ASSURANCE AND LIMITATION

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group is on-going. For the financial year under review, there was no material losses resulting from significant internal control weaknesses. The Board is satisfied that the existing systems of risk management and internal control are effective and efficient to enable the Group to achieve its business objectives.

The Board wishes to reiterate that the risk management processes and internal control procedures would be continuously improved in line with the evolving business development. The Board is guided by the risk management processes and internal control procedures which provide to only manage rather than to eliminate the risks of failure in achieving business objectives. Therefore, these processes and procedures within the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

This Statement was presented and approved at the meeting of the Board of Director held on 27 April 2023.

7. CONCLUSION

The MD, being the person primarily responsible for the overseeing and managing of the operational affairs of the Company has provided assurance to the Board that the Group's risk management and internal control system, have been operated adequately and effectively, in all material aspects, based on the Group's policies and procedures. Under the purview of the MD and Executive Directors, the head of departments are empowered with the responsibility of managing their respective operations.

The Board recognises the necessity to monitor closely the adequacy, integrity and effectiveness of the Group's risk management processes and internal control procedures, by taking into consideration the fast-changing business environment. Although the Board is of the view that the present processes and procedures are adequately in place to safeguard the Group's assets and sufficient to detect any fraud or irregularities, the Board is on a constant watch for any improvement that may strengthen its current system from time to time.

8. REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control in accordance with Paragraph 15.23 of the Main LR of Bursa Securities. Their review has been conducted in accordance with the scope as set out in the Audit and Assurance Practice Guide 3 - 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 to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process which the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention which causes them to be of the opinion of that this Statement is inconsistent with their understanding of the reviewing process adopted by the Board for the adequacy and integrity of internal control of the Group.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

(i) Private Placement 2021

On 15 July 2021, Mercury Securities Sdn. Bhd. ("Mercury") had announced on behalf of the Board of Directors ("the Board") that Kejuruteraan Asastera Berhad ("KAB" or "the Company") proposed to undertake a private placement of up to 169,180,000 new ordinary shares in KAB ("Placement Shares 2021") representing up to 10% of the total number of issued shares (excluding treasury shares), to independent third-party investor(s) to be identified and at an issue price to be determined later ("Proposed Private Placement 2021").

The Company had obtained the approval from its shareholders at its Twenty-Fourth Annual General Meeting held on 20 May 2021, authorising the Directors to issue and allot new shares pursuant to Sections 75 and 76 of the Companies Act 2016, provided that the aggregate number of new shares to be issued does not exceed 20% of the total number of the issued shares.

Bursa Malaysia Securities Berhad ("Bursa Securities") had on 22 July 2021 approved the listing and quotation of up to 169,180,000 shares to be issued pursuant to the Proposed Private Placement 2021.

The Company had issued the Placement Shares 2021 on various dates to the identified investors:

a. On 13 September 2021, 23,000,000 Placement Shares 2021 had been issued at MYR0.40 per Placement Share 2021;
b. On 14 September 2021, 2,000,000 Placement Shares 2021 had been issued at MYR0.40 per Placement Share 2021; and
c. On 7 October 2021, 32,500,000 Placement Shares 2021 had been issued at MYR0.40 per Placement Share 2021.
d. On 16 November 2021, 28,600,000 Placement Shares 2021 had been issued at MYR0.35 per Placement Share 2021.
e. On 28 January 2022, 20,000,000 Placement Shares 2021 had been issued at MYR0.3019 per Placement Share 2021.
f. On 19 July 2022, 10,000,000 Placement Shares 2021 had been issued at MYR0.375 per Placement Share 2021.

On 20 July 2022, Mercury announced on behalf of the Board that the Company has decided not to place out the 53,080,000 remaining Placement Shares of the Private Placement. As such, the Private Placement is deemed completed.

As at the date of this Annual Report, the proposed utilisation of the gross proceeds from the Private Placement amounting to MYR106.13 million is as follows:

Purposes	Proposed Utilisation[1] MYR ('000)	Actual Proceed[2] MYR ('000)	Actual Utilisation MYR ('000)	Balance Unutilised MYR ('000)	Intended Timeframe for Unutilised
Repayment of Bank Borrowings	25,000	25,000	(25,000)	-	Within 6 months
Working Capital	15,000	15,000	(15,000)	-	Within 24 months
Funding for Energy Projects	50,000	2,397	(2,397)	-	Within 36 months
Tender Deposit, tender bond or performance bonds	15,507	-	-	-	Within 12 months
Estimated expenses for the proposed private placement	620	401	(401)	-	Immediate
Total	106,217	42,798	(42,798)	-	

(1) Proposed Private Placement 2021 has not been completed as at 31 December 2021 and extension is granted up until 21 July 2022.

(2) The Company had issued a total of 116,100,000 Placement Shares 2021 at various prices to arrive at total proceeds of MYR42.80 million.

(ii) Private Placement 2022

On 7 September 2022, Kenanga Investment Bank Berhad ("Kenanga IB") had announced on behalf of the Board that the Company proposed to undertake a private placement of up to 361,581,000 new ordinary shares in KAB ("Placement Shares 2022") representing up to 20% of the total number of issued shares (excluding treasury shares), to independent third-party investor(s) to be identified and at an issue price to be determined later ("Proposed Private Placement 2022").

Bursa Securities had on 11 October 2022 approved the listing and quotation of up to 361,581,000 shares to be issued pursuant to the Proposed Private Placement 2022 with conditions.

The Company had obtained the approval from its shareholders at its Extraordinary General Meeting held on 17 November 2022, authorising the Directors to issue and allot new shares, as well as to determine the issue price based on a discount of not more than 20% to the 5-day volume weighted average market price of the shares up to and including the last trading day immediately preceding the Price-Fixing Date.

As at the date of this Annual Report, the proposed utilisation of the gross proceeds from the Private Placement amounting to MYR133.97 million is as follows:

Purposes	Proposed Utilisation[1] MYR ('000)	Actual Utilisation MYR ('000)	Balance Unutilised MYR ('000)	Intended Timeframe for Unutilised
Working Capital	36,000	-	-	Within 24 months
Repayment of Bank Borrowings	31,000	-	-	Within 6 months
Funding for existing and future SES projects	66,196	-	-	Within 36 months
Estimated expenses for the the Proposed Diversification and Proposed Private Placement	770	-	-	Immediate
Total	133,966	-	-	

(1) Proposed Private Placement 2022 has yet to be implemented as at the date of this Annual Report.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees incurred for services rendered to the Group and the Company by the external auditors for the financial year ended 31 December 2022 ("FY2022") are as follows:-

	Group MYR ('000)	Company MYR ('000)
Audit Fees	167	80
Non-Audit Fees	25	20
Total	192	100

3. MATERIAL CONTRACTS

There is no material contract that the Group entered into during the financial year which involves the interest of the Director and major shareholders.

4. CONTRACTS RELATING TO LOANS

There is no contract relating to loan made by the Group involving interests of Directors and major shareholders during the financial year.

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The Company did not seek mandate from its shareholders on RRPT during the FY2022.

Statement on Directors' Responsibility

This statement is prepared as required by the Main Market Listing Requirement ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Directors are required to prepare annual financial statement which are in accordance with applicable approved accounting standards; to give a true and fair view of the financial position of Kejuruteraan Asastera Berhad ("KAB" or "the Company") and its subsidiary companies ("the Group") as at the end of the financial year; and the financial performance of the Group for the financial year.

The Directors consider that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2022:-

- the Group and the Company have adopted appropriate and suitable accounting policies and applied them consistently;
- the statement is supported by reasonable and prudent judgement and estimates;
- all applicable approved accounting standards in Malaysia, including but not limited to Malaysian Financial Reporting Standards ("MRFS") and International Financial Reporting Standards ("IFRS"); and
- prepare the financial statements on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company keep proper accounting records which disclose the financial position of the Group and the Company with reasonable accuracy at any time, thus enabling for financial statements to be complied with the requirements of the Companies Act 2016 and have been made out in accordance with applicable MFRS, IFRS and the Main LR of Bursa Securities.

The Directors are also responsible for taking necessary steps as are reasonable open to them to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that there have been adequate accounting records maintained to safeguard the assets of the Group.

This Statement on Directors' Responsibility for preparing the financial statement was approved by the Board on 27 April 2023.

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FINANCIAL STATEMENTS

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The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of provision of electrical and mechanical engineering services. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group MYR	Company MYR
Profit for the financial year attributable to:		
Owners of the Company	2,856,043	3,665,182
Non-controlling interest	(67,049)	-
	2,788,994	3,665,182

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend any final dividend for the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for the doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the write off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 1,777,994,669 ordinary shares to 1,807,994,669 ordinary shares by way of an issue of:

a. 20,000,000 new ordinary shares for cash pursuant to the private placement at an exercise price of MYR0.3019 per ordinary share; and

b. 10,000,000 new ordinary shares for cash pursuant to the private placement at an exercise price of MYR0.375 per ordinary share.

The new ordinary shares issued during the year rank pari-passu in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

As at 31 December 2022, the Company held a total of 88,898 issued and paid-up ordinary shares as treasury shares. The treasury shares are held at a carrying amount of MYR4,231. The details on the treasury shares are disclosed in Note 19 to the financial statements.

WARRANTS

Pursuant to a Deed Poll dated 14 April 2021 ("Deed Poll"), the Company issued 845,902,607 new Warrants to the entitled shareholders of the Company pursuant to the Bonus Issue of Warrants.

The salient features of the Warrants as stated in the Deed Poll are as follows:

(a) each Warrant entitles the registered holder to subscribe for one ordinary shares at an exercise price of MYR1.20 per ordinary share;

(b) the exercise price and the number of Warrant are subjected to adjustment in accordance with the conditions provided in the Deed Poll;

(c) where a resolution has been passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:

    (i) for the purpose of such a winding-up, compromise or arrangement (other than a consideration amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holder (or some persons designated by them for such purpose by a special resolution of the holders of Warrant) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of Warrant; and

    (ii) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or soon after it dispatched such notice to its shareholders, give notice thereof to all Warrant holders. Every Warrant holder shall thereupon be entitled, subject to the conditions set out in the Deed Pool, to exercise his Warrant at any time not more than 21 days prior to the proposed general meeting of the Company by submitting the subscription form (by irrevocable surrender of his Warrant to the Company) duly completed authorising the debiting of his Warrant together with payment of the relevant exercise price, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant new shares to the holder of the said Warrant credited as fully paid subject to the prevailing laws.

WARRANTS (CONT'D.)

(d) the exercise period is approximately 3 years from the date of issue expiring on 29 April 2024; and

(e) any Warrant not exercised during the exercise period will thereafter lapse and cease to be valid.

The Warrant was granted for listing and quotation with effect from 5 May 2021.

The number of unexercised Warrant at the end of the reporting period is 845,902,607.

DIRECTORS OF THE COMPANY

The directors of the Company in office at any time during the financial year and since the end of the financial year are:

Dato' Lai Keng Onn – Group Managing Director
Choong Gaik Seng
Lu Chee Leong
Tong Siut Moi
Datin Chan Pey Kheng
Goh Kok Boon
Datuk Dr. Ong Peng Su

The directors who hold office in the subsidiary companies (excluding directors who are also directors of the Company) during the financial year until the date of this report are:

Jonathan Wu Jo-Han
Lai Chuan Shenq
Jesudason Selvaraj
ChanChai Kitprotpisuth
Moo Yee Wan
Heng Boon Liang
Kong Chak Fung
Dato' Yau Kok Seng
Ong Kian Boon
Chiew Kian Giap (resigned on 12 December 2022)
Noor Azri Bin Dato' Sri Noor Azerai (resigned on 3 January 2023)
Mohd Idzwan Izuddin Bin Ab Rahman (resigned on 27 October 2022)
Mohd Rohaizee Bin Hashim (resigned on 27 October 2022)
Najman Bin Kamaruddin (resigned on 10 November 2022)
Muhammad Muhtadi Bin Mohamad Khazani (resigned on 10 November 2022)

DIRECTORS' INTERESTS

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares			
	As at 1/1/2022	Additions	Sold	As at 31/12/2022
Direct interest				
a) The Company				
Dato' Lai Keng Onn	529,670,600	23,450,000	120,741,000	432,379,600
Choong Gaik Seng	23,318,800	-	20,000,000	3,318,800
Goh Kok Boon	1,354,050	-	-	1,354,050
Datin Chan Pey Kheng	9,414,709	3,321,000	-	12,735,709
Indirect interest				
a) Corporate shareholder, Stocqtech Sdn. Bhd.				
Dato' Lai Keng Onn*	106,650,000	120,000,000	63,750,000	162,900,000
b) Corporate shareholder, Fastrans Venture Sdn. Bhd.				
Dato' Lai Keng Onn*	23,400,000	-	-	23,400,000

	Number of warrants			
	As at 1/1/2022	Additions	Sold	As at 31/12/2022
Direct interest				
a) The Company				
Dato' Lai Keng Onn	41,348,800	-	-	41,348,800
Goh Kok Boon	677,025	-	-	677,025
Datin Chan Pey Kheng	4,707,354	-	-	4,707,354
Indirect interest				
a) Corporate shareholder, Fastrans Venture Sdn. Bhd.				
Dato' Lai Keng Onn*	11,700,000	-	-	11,700,000

* Deemed interest in the shares and warrants held by Fastrans Ventures Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

By virtue of Section 8 of the Companies Act, 2016, Dato' Lai Keng Onn is deemed to be interested in the shares of the subsidiary companies during the financial year to the extent the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

DIRECTORS' BENEFITS

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the 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 has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company as shown below) 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.

The directors' benefits are as follows:

	Group MYR	Company MYR
Executive directors		
Salaries and defined contribution plan	2,701,440	2,701,440
Bonus	201,000	201,000
Allowances	276,000	276,000
Social security cost	3,340	3,340
Employment Insurance System	308	308
Benefits in kind	41,000	41,000
	3,223,088	3,223,088
Non-executive directors		
Fees	450,000	450,000
	3,673,088	3,673,088

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company during the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events are disclosed in Note 41 to the financial statements.

EVENT AFTER THE REPORTING PERIOD

Details of event after the reporting period are disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

Auditors' remuneration is as follows:

	Group MYR	Company MYR
Auditors' remuneration		
- Kreston John & Gan		
- Statutory audit	156,500	100,000
- Other services	13,000	13,000
- Other auditor	35,601	-
	205,101	113,000

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

Dato' Lai Keng Onn **Goh Kok Boon**

Kuala Lumpur,
Date: 27 April 2023

Independent Auditors' Report

to the members of Kejuruteraan Asastera Berhad
(Incorporated in Malaysia,Registration No.199701005009 (420505-H))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kejuruteraan Asastera Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 123 to 211.

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 31 December 2022 and of their financial performance and their cash flows for the financial 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 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("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 the most significance in our audit of the financial statements of the Group and of the Company for the current financial 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.

Revenue Recognition

(Refer to summary of significant accounting policies in Note 3(n) and the disclosure of revenue in Note 25 to the financial statements)

A significant proportion of the Group's and the Company's revenues are derived from construction contracts which span more than one accounting period. For the financial year ended 31 December 2022, revenue from construction contracts of the Group and the Company of MYR153,539,859 accounted for approximately 82% and 88% of the Group's and the Company's revenue respectively. For these construction contracts where revenue is recognised over time, the Group and the Company use an input method in measuring progress towards complete satisfaction of the Group's and the Company's performance obligation, which is based on the contract costs incurred for work performed to-date relative to the total estimated costs.

Key Audit Matters (Cont'd.)

Revenue Recognition (Cont'd.)

We identified revenue from construction contracts as an area requiring audit focus as significant management's judgement and estimates are involved in estimating the extent of the contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction costs, which are used to determine progress towards complete satisfaction of the Group's and the Company's performance obligation of the construction activities undertaken by the Group and the Company.

Our procedures to address this area of audit focus include, amongst others, the following:

- Obtained an understanding of the Group's and the Company's processes and controls over revenue recognition and recording of cost of sales, including controls performed by management in estimating the total estimated costs of construction activities;
- Reviewed construction cost budgets by agreeing subcontractor costs to letters of award, purchase orders, quotations and/or latest revisions of these documents on a sampling basis;
- With respect to variations to contract works and claims for costs not included in the contract price, we agreed the amounts to approved variation order forms, independent architect certificates and/or correspondences with the customers and subcontractors;
- Tested actual costs incurred by examining evidence such as contractors' progress claims and suppliers' invoices on a sampling basis;
- Agreed the contract sum to contracts with customers on a sampling basis and recomputed revenue recognised during the financial year using the input method by comparing total costs incurred against total estimated costs; and
- Reviewed the adequacy of the Group's and the Company's disclosures relating to construction contracts.

Expected Credit Loss on Trade Receivables and Contract Assets

(Refer to summary of significant accounting policies in Note 3(h)(i) and the disclosure of expected credit loss in Note 36(c)(i) to the financial statements)

As at 31 December 2022, the Group and the Company recorded trade receivables and contract assets totaling MYR150,705,929 and MYR146,567,951 respectively.

Management adopted a simplified approach of using lifetime expected credit loss ("ECL") in measuring the ECL for trade receivables and contract assets balances, incorporating historical loss rate being adjusted to reflect current and forward-looking information on macroeconomic factors.

We considered this as a key audit matter due to the judgements and estimates involved in the application of the ECL model.

Our procedures to address this area of audit focus include, amongst others, the following:

- Evaluate the valuation methodology and model used by management to ascertain that these have been consistently applied by management;
- Tested the accuracy of the ageing against supporting documents on a sampling basis;
- Assessed and considered the reasonableness of the historical loss and forward-looking information as well as discussed with management to understand the judgements and estimates involved in applying the simplified approach of using lifetime ECL on trade receivables and contract assets; and
- Evaluated the adequacy of the Group's and the Company's disclosures included in the financial statements.

Key Audit Matters (Cont'd.)

Capitalisation of Property, Plant and Equipment

(Refer to summary of significant accounting policies in Note 3(c) and the disclosure of property, plant and equipment in Note 4 to the financial statements)

The Group continues to invest in significant capital projects with additions in capital expenditure of MYR8,623,661 during the year.

The significant level of capital expenditure requires consideration of the nature of costs incurred to ensure that capitalisation of property, plant and equipment meets the specific recognition criteria in MFRS 116: Property, Plant and Equipment, and the application of the directors' judgement in assigning appropriate useful economic lives. As a result, this was noted as a key audit matter.

Our procedures to address this area of audit focus include, amongst others, the following:

- Assessed the nature of property, plant and equipment capitalised by the Group to test on a sampling basis the validity of amounts capitalised;
- Considered whether capitalisation of assets ceased when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the Group; and
- Challenged the useful economic lives assigned with reference to our understanding of the future utilisation of assets by the Group and by reference to the depreciation policies applied by third parties operating similar assets.

Borrowings

(Refer to summary of significant accounting policies in Note 3(b) and the disclosure of borrowings in Note 21 to the financial statements)

The Group's and the Company's growth is typically funded through a combination of available cash generated through operations, capital raising and borrowings from financial institutions.

As at 31 December 2022, the Group and the Company had total borrowings of MYR77,555,185 and MYR40,301,875, representing 52% and 37% of the total liabilities of the Group and the Company respectively.

Given the size of the borrowings balance and the importance of the capital structure for continued growth, the accounting for the Group's and the Company's borrowings is considered a key audit matter.

Our procedures to address this area of audit focus include, amongst others, the following:

- Obtained confirmation from the financial institutions to confirm all significant borrowings;
- Read the agreements between the Group or the Company and its financiers to understand the terms associated with the facilities and the amount of facility available for drawdown; and
- Where debt is regarded as non-current, tested whether the Group and the Company has the unconditional right to defer payment such that there were no repayments required within 12 months from the reporting date.

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, which we obtained prior to the date of this auditors' report, and the Group's Annual Report, which is expected to be made available to us after the date of this auditors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do 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 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, 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, 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 (Cont'd.)

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 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.

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 financial 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.

Independent Auditors' Report

to the members of Kejuruteraan Asastera Berhad
(Incorporated in Malaysia,Registration No.199701005009 (420505-H))

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 7 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.

Kreston John & Gan
(AF 0113)
Chartered Accountants

Yong Chung Sin
Approval No: 02892/04/2024 J
Chartered Accountant

Kuala Lumpur,
Date: 27 April 2023

Consolidated Statement of Financial Position

as at 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**46,709,863**	41,066,985
Investment properties	5	**20,630,765**	17,402,243
Right-of-use assets	6	**2,127,241**	2,079,917
Intangible assets	8	**8,654,398**	8,966,196
Deferred tax assets	9	**348,364**	129,026
Other investment	10	**5,678,950**	-
Trade receivables	11	**9,679,263**	11,065,333
Total Non-Current Assets		**93,828,844**	80,709,700
Current Assets			
Inventories	12	**586,876**	890,746
Trade receivables	11	**72,640,165**	64,572,248
Contract assets	13	**68,386,501**	60,950,861
Other receivables, deposits and prepayments	14	**3,740,840**	7,519,102
Deposits with licensed banks	16	**34,835,647**	35,577,583
Cash and bank balances		**12,652,711**	8,781,557
Current tax assets		**246,269**	-
Total Current Assets		**193,089,009**	178,292,097
Total Assets		**286,917,853**	259,001,797
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	17	**103,597,253**	93,809,253
Foreign currency translation reserve	18	**(2,684)**	33,130
Treasury shares	19	**(4,231)**	(4,231)
Retained profits	20	**33,252,031**	30,395,988
		136,842,369	124,234,140
Non-controlling interest		**174,789**	241,989
Total Equity		**137,017,158**	124,476,129
Non-Current Liabilities			
Deferred tax liabilities	9	**1,147,518**	1,139,818
Borrowings	21	**34,960,142**	29,247,908
Lease liabilities	22	**365,442**	696,118
Trade payables	23	**4,167,594**	4,070,488
Total Non-Current Liabilities		**40,640,696**	35,154,332
Current Liabilities			
Borrowings	21	**42,595,043**	38,870,869
Lease liabilities	22	**280,349**	374,839
Trade payables	23	**54,160,983**	43,638,118
Contract liabilities	13	**10,094,804**	11,797,295
Other payables and accruals	24	**2,128,820**	3,704,547
Current tax liabilities		**-**	985,668
Total Current Liabilities		**109,259,999**	99,371,336
Total Liabilities		**149,900,695**	134,525,668
Total Equity and Liabilities		**286,917,853**	259,001,797

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR
Revenue	25	**187,002,510**	174,722,628
Cost of sales		**(158,916,474)**	(144,306,913)
Gross profit		**28,086,036**	30,415,715
Other income	26	**2,902,556**	1,815,395
Administrative expenses		**(22,238,947)**	(21,456,239)
Profit from operations		**8,749,645**	10,774,871
Finance costs	27	**(3,832,490)**	(3,275,260)
Profit before taxation	28	**4,917,155**	7,499,611
Income tax expense	31	**(2,128,161)**	(3,399,614)
Profit for the financial year		**2,788,994**	4,099,997
Other comprehensive income:			
- foreign currency translation differences for foreign operations		**(35,814)**	40,551
Total comprehensive income for the financial year		**2,753,180**	4,140,548
Profit for the financial year attributable to:			
Owners of the Company		**2,856,043**	4,071,868
Non-controlling interest		**(67,049)**	28,129
		2,788,994	4,099,997
Total comprehensive income for the financial year attributable to:			
Owners of the Company		**2,820,229**	4,112,419
Non-controlling interest		**(67,049)**	28,129
		2,753,180	4,140,548
Basis earnings per share (sen)	32	**0.16**	0.27
Diluted earnings per share (sen)	32	**0.09**	0.17

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2022

	Note	Non-Distributable			Distributable			
		Share capital MYR	Foreign currency translation reserve MYR	Treasury shares MYR	Retained profits MYR	Total MYR	Non-controlling interest MYR	Total equity MYR
Balance as at 1 January 2021		53,299,463	(7,421)	(4,231)	26,781,307	80,069,118	(102,387)	79,966,731
Transactions with owners:								
Issuance of shares (Note 17)		40,509,790	-	-	-	40,509,790	-	40,509,790
Acquisition of non-controlling interests in subsidiary companies		-	-	-	-	-	316,247	316,247
Total transactions with owners		40,509,790	-	-	-	40,509,790	316,247	40,826,037
Total comprehensive income for the financial year		-	40,551	-	4,071,868	4,112,419	28,129	4,140,548
Balance as at 31 December 2021								
- As previously reported		**93,809,253**	**33,130**	**(4,231)**	**30,853,175**	**124,691,327**	**241,989**	**124,933,316**
- Effects of finalisation of purchase price allocation	40	**-**	**-**	**-**	**(457,187)**	**(457,187)**	**-**	**(457,187)**
		93,809,253	**33,130**	**(4,231)**	**30,395,988**	**124,234,140**	**241,989**	**124,476,129**
Transactions with owners:								
Issuance of shares (Note 17)		**9,788,000**	**-**	**-**	**-**	**9,788,000**	**-**	**9,788,000**
Acquisition of non-controlling interests in subsidiary companies		**-**	**-**	**-**	**-**	**-**	**(151)**	**(151)**
Total transactions with owners		**9,788,000**	**-**	**-**	**-**	**9,788,000**	**(151)**	**9,787,849**
Total comprehensive income for the financial year		**-**	**(35,814)**	**-**	**2,856,043**	**2,820,229**	**(67,049)**	**2,753,180**
Balance as at 31 December 2022		**103,597,253**	**(2,684)**	**(4,231)**	**33,252,031**	**136,842,369**	**174,789**	**137,017,158**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
Cash flows from operating activities			
Profit before taxation		**4,917,155**	7,499,611
Adjustments for:			
Depreciation of property, plant and equipment		**3,534,178**	2,969,053
Depreciation of investment properties		**292,867**	162,921
Depreciation of right-of-use assets		**606,027**	526,238
Amortisation of intangible assets		**451,798**	-
Gain on disposal of property, plant and equipment		**-**	(55,999)
Loss on property, plant and equipment written off		**59,807**	38,195
Loss on disposal of right-of-use assets		**12,000**	-
Unwinding of discount on trade receivables		**(483,573)**	(456,436)
Impairment loss on trade receivables		**120,500**	400,000
Reversal of impairment loss on trade receivables		**(28,000)**	(482,500)
Interest income		**(517,026)**	(390,664)
Interest expenses		**3,662,005**	3,115,646
Bargain purchase gain on acquisition		**(1,638,077)**	-
Operating profit before working capital changes		**10,989,661**	13,326,065
Changes in working capital:			
Inventories		**545,554**	(562,722)
Trade receivables		**(6,625,874)**	(27,435,860)
Other receivables, deposits and prepayments		**4,556,519**	(486,733)
Contract assets/liabilities		**(9,138,131)**	744,987
Trade payables		**10,619,971**	2,827,759
Other payables and accruals		**(1,575,727)**	(2,709,864)
Cash generated from/(used in) operations		**9,371,973**	(14,296,368)
Interest received		**517,026**	390,664
Interest paid		**(3,662,005)**	(3,115,646)
Taxes paid		**(3,362,398)**	(3,209,864)
Tax refunded		**10,000**	-
Net cash generated from/(used in) operating activities		**2,874,596**	(20,231,214)
Balance carried forward		**2,874,596**	(20,231,214)

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
Balance brought forward		**2,874,596**	(20,231,214)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(8,623,661)**	(13,883,312)
Purchase of investment properties	5	**(252,747)**	(3,480,070)
Additions to right-of-use assets	6	**(420,514)**	(266,817)
Purchase of other investment		**(5,678,950)**	-
Net cash outflow on acquisition of a subsidiary		**(1,308,104)**	(6,896,412)
Acquisition of non-controlling interests in subsidiary companies		**(151)**	316,247
Proceeds from disposal of right-of-use assets		**175,000**	-
Proceeds from disposal of property, plant and equipment		**-**	56,000
Net cash used in investing activities		**(16,109,127)**	(24,154,364)
Cash flows from financing activities			
Drawdown of term loans		**5,912,962**	7,871,324
Drawdown of medium term notes	33	**19,950,000**	-
Repayment of term loans		**(20,068,159)**	(940,901)
Repayment of lease liabilities	33	**(525,166)**	(380,320)
Net (repayment of)/proceeds from other borrowings	33	**(2,265,162)**	14,056,078
Fixed deposits pledged as securities		**(4,087,028)**	(12,215,383)
Proceeds from issuance of new shares	17	**9,788,000**	40,509,790
Net cash generated from financing activities		**8,705,447**	48,900,588
Net (decrease)/increase in cash and cash equivalents		**(4,529,084)**	4,515,010
Cash and cash equivalents at the beginning of the financial year		**4,723,372**	167,000
Effect of foreign exchange rate changes		**(73,138)**	41,362
Cash and cash equivalents at the end of the financial year	34	**121,150**	4,723,372

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Financial Position

as at 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**4,187,718**	4,519,078
Investment properties	5	**14,517,491**	12,420,774
Right-of-use assets	6	**1,732,753**	1,964,417
Investment in subsidiary companies	7	**147,992**	147,841
Deferred tax assets	9	**69,026**	69,026
Trade receivables	11	**9,679,263**	11,065,333
Total Non-Current Assets		**30,334,243**	30,186,469
Current Assets			
Trade receivables	11	**69,267,808**	63,687,484
Contract assets	13	**67,620,880**	60,950,861
Other receivables, deposits and prepayments	14	**563,503**	652,581
Amount due from subsidiary companies	15	**45,595,415**	35,329,162
Deposits with licensed banks	16	**33,356,463**	35,103,888
Cash and bank balances		**2,330,075**	2,100,594
Current tax assets		**141,663**	-
Total Current Assets		**218,875,807**	197,824,570
Total Assets		**249,210,050**	228,011,039
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	**103,597,253**	93,809,253
Treasury shares	19	**(4,231)**	(4,231)
Retained profits	20	**38,130,617**	34,465,435
Total Equity		**141,723,639**	128,270,457
Non-Current Liabilities			
Borrowings	21	**5,306,530**	5,716,747
Lease liabilities	22	**279,197**	584,533
Trade payables	23	**4,167,594**	4,070,488
Total Non-Current Liabilities		**9,753,321**	10,371,768
Current Liabilities			
Borrowings	21	**34,995,345**	35,119,803
Lease liabilities	22	**255,008**	350,695
Trade payables	23	**50,515,992**	38,130,503
Contract liabilities	13	**10,094,804**	11,797,295
Other payables and accruals	24	**1,463,329**	2,641,070
Amount due to subsidiary companies	15	**408,612**	321,114
Current tax liabilities		**-**	1,008,334
Total Current Liabilities		**97,733,090**	89,368,814
Total Liabilities		**107,486,411**	99,740,582
Total Equity and Liabilities		**249,210,050**	228,011,039

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR
Revenue	25	**173,786,444**	167,826,823
Cost of sales		**(152,873,105)**	(142,891,700)
Gross profit		**20,913,339**	24,935,123
Other income	26	**1,258,256**	1,714,568
Administrative expenses		**(14,468,449)**	(15,914,202)
Profit from operations		**7,703,146**	10,735,489
Finance costs	27	**(1,991,858)**	(1,740,816)
Profit before taxation	28	**5,711,288**	8,994,673
Income tax expense	31	**(2,046,106)**	(3,416,614)
Profit for the financial year, representing total comprehensive income for the financial year		**3,665,182**	5,578,059

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Changes in Equity

for the financial year ended 31 December 2022

	←Non-Distributable→		Distributable	
	Share capital MYR	Treasury shares MYR	Retained profit MYR	Total MYR
Balance as at 1 January 2021	53,299,463	(4,231)	28,887,376	82,182,608
Transactions with owners:				
Issuance of share (Note 17)	40,509,790	-	-	40,509,790
Total comprehensive income for the financial year	-	-	5,578,059	5,578,059
Balance as at 31 December 2021	**93,809,253**	**(4,231)**	**34,465,435**	**128,270,457**
Transactions with owners:				
Issuance of share (Note 17)	**9,788,000**	**-**	**-**	**9,788,000**
Total comprehensive income for the financial year	**-**	**-**	**3,665,182**	**3,665,182**
Balance as at 31 December 2022	**103,597,253**	**(4,231)**	**38,130,617**	**141,723,639**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
Cash flows from operating activities			
Profit before taxation		**5,711,288**	8,994,673
Adjustments for:			
Depreciation of property, plant and equipment		**343,345**	406,957
Depreciation of investment properties		**250,620**	141,216
Depreciation of right-of-use assets		**565,177**	486,638
Unwinding of discount on trade receivables		**(483,573)**	(456,436)
Loss on disposal of right-of-use assets		**12,000**	-
Gain on disposal of property, plant and equipment		**-**	(55,999)
Property, plant and equipment written off		**-**	4,747
Impairment loss on trade receivables		**120,500**	400,000
Reversal of impairment loss on trade receivables		**(28,000)**	(482,500)
Interest expense		**1,821,373**	1,581,202
Interest income		**(464,690)**	(381,765)
Operating profit before working capital changes		**7,848,040**	10,638,733
Changes in working capital:			
Trade receivables		**(6,054,251)**	(21,739,807)
Other receivables, deposits and prepayments		**89,078**	484,004
Amount due from subsidiary companies		**(10,266,253)**	(29,552,770)
Contract assets/liabilities		**(8,372,510)**	744,987
Trade payables		**12,482,595**	(1,707,347)
Other payables and accruals		**(1,177,741)**	(174,856)
Amount due to subsidiary companies		**87,498**	321,114
Cash used in operations		**(5,363,544)**	(40,985,942)
Interests paid		**(1,821,373)**	(1,581,202)
Interests received		**464,690**	381,765
Taxes paid		**(3,196,103)**	(3,197,198)
Net cash used in operating activities		**(9,916,330)**	(45,382,577)
Balance carried forward		**(9,916,330)**	(45,382,577)

Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
Balance brought forward		**(9,916,330)**	(45,382,577)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(11,984)**	(146,966)
Purchase of investment properties	5	**(96,267)**	(370,323)
Additions to right-of-use assets	38	**(420,514)**	(266,817)
Cash outflow on acquisition of subsidiaries		**(151)**	(146,201)
Proceeds from disposal of property, plant and equipment		**175,000**	56,000
Proceeds from disposal of subsidiaries		**-**	1,000,851
Net cash (used in)/generated from investing activities		**(353,916)**	126,544
Cash flows from financing activities			
Drawdown of term loans	33	**96,267**	1,699,066
Repayment of term loans	33	**(334,783)**	(303,003)
Repayment of lease liabilities	33	**(501,023)**	(357,371)
Net (repayment of)/proceeds from other borrowings	33	**(4,165,162)**	14,056,078
Fixed deposits pledged as securities		**(3,363,905)**	(11,741,688)
Proceeds from issuance of new shares	17	**9,788,000**	40,509,790
Net cash generated from financing activities		**1,519,394**	43,862,872
Net decrease in cash and cash equivalents		**(8,750,852)**	(1,393,161)
Cash and cash equivalents at the beginning of the financial year		**(1,497,577)**	(104,416)
Cash and cash equivalents at the end of the financial year	34	**(10,248,429)**	(1,497,577)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Notes to the Financial Statements

31 December 2022

1. GENERAL INFORMATION

Kejuruteraan Asastera Berhad ("KAB" or "the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business : No. 18, Jalan Radin Bagus 9
Bandar Baru Seri Petaling
57000 Kuala Lumpur

Registered office : Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

The consolidated financial statements as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiary companies (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2022 do not included other entities.

The Company is principally engaged in the business of the provision of electrical and mechanical engineering services. The principal activities of the subsidiary companies are set out in Note 7.

These financial statements were authorised for issue by the Board of Directors on 27 April 2023.

2. BASIS OF PREPARATION

a) Statement of compliance

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

The Group and the Company have applied the following accounting standards, interpretations and amendments of the MFRSs for the first-time for the financial year beginning on 1 January 2022:

- Amendments to MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Business Combination – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

The application of the accounting standards, amendments or interpretations do not have any material financial impacts to the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (CONT'D.)

a) Statement of compliance (Cont'd.)

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendment to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Error – Definition of Accounting Estimates
- Amendment to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-Current Liabilities with Covenants

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial period when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group and the Company upon their first adoption.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

c) Functional and presentation currency

These financial statements are presented in Malaysian Ringgit ("MYR"), which is also the Company's functional currency.

2. BASIS OF PREPARATION (CONT'D.)

d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are as follows:

i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. Management estimated that useful life of these assets to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's and the Company's property, plant and equipment at the reporting date are disclosed in Note 4.

ii) Measurement of Expected Credit Loss ("ECL") allowance for trade receivables and contract assets

The Group and the Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The information about the ECLs on the Group's and the Company's trade receivables and contract assets is disclosed in Note 36(c)(i).

iii) Revenue from construction contracts

Revenue from construction contracts is recognised over time on a percentage of completion method, i.e. based on the proportion of contract costs incurred for work performed to-date relative to the estimated total contract costs. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation, the extent of the contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction costs. In making these judgements, the Group and the Company evaluate based on past experience and by relying on the work of specialists. The carrying amounts of assets and liabilities of the Group and the Company arising from construction contracts are disclosed in Note 25.

iv) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are given in Note 8.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

a) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities, including special purpose entity, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

ii) Business combinations

Business combinations are accounted for by using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

a) Basis of consolidation (Cont'd.)

iii) Acquisitions from entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholders that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparative are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

iv) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Financial instruments

i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

A. Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Financial instruments (Cont'd.)

ii) Financial instrument categories and subsequent measurement (Cont'd.)

Financial assets (Cont'd.)

B. Fair value through other comprehensive income

I. Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

II. Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

C. Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(h)(i)).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Financial instruments (Cont'd.)

ii) Financial instrument categories and subsequent measurement (Cont'd.)

Financial liabilities

After initial recognition, all financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost.

A. Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

After initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

I. if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

II. a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

III. if a contract contains one or more embedded derivatives and the host is not a financial asset within the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

B. Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses are also recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Financial instruments (Cont'd.)

iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of:

A. The amount of the loss allowance; and

B. The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

iv) Regular way purchase or sales of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

A. the recognition of an asset to be received and the liability to pay for it on the trade date, and

B. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

c) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost where appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "administrative expenses" respectively in profit or loss.

ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised in profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

c) Property, plant and equipment (Cont'd.)

iii) Depreciation (Cont'd.)

Depreciation is recognised in profit or loss over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Assets under construction are not depreciated until the assets are ready for their intended use. Freehold land is not depreciated as it has indefinite life. The depreciation method and principal annual rate of depreciation for other property, plant and equipment are as follows:

	Rate (%)	Depreciation method
Buildings	2	Straight-line
Furniture, fittings and equipment	10 - 20	Straight-line
Electrical equipment	20	Straight-line
Motor vehicles	20	Straight-line
Renovation	20	Straight-line
Telecommunication tower	10	Straight-line
Plant and machinery	4 – 12.5	Straight-line
Power plant	-	Unit of production based on hours

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted prospectively as appropriate.

d) Leases

i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer for this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

d) Leases (Cont'd.)

i) Definition of a lease (Cont'd.)

At inception or a reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for lease of properties in which the Group and the Company are a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

ii) Recognition and initial measurement

a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective entity's incremental borrowing rate. Generally, the Group and the Company use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonable certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

d) Leases (Cont'd.)

ii) Recognition and initial measurement (Cont'd.)

b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 16 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

iii) Subsequent measurement

a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measure at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change their assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

e) Intangible assets

Goodwill

Goodwill arises on business combination 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 assets, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Goodwill with indefinite useful live is not amortised but is tested for impairment annually and whenever there is an indication that the carrying amount may be impaired.

f) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. Freehold land is not depreciated as it has indefinite life. The principal annual rate of depreciation for other investment properties are as follows:

	Rate %
Buildings	2
Leasehold land	1

The asset's residual values and useful lives are reviewed, and adjusted prospectively as appropriate, annually.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. These also include bank overdrafts that form an integral part of the Group's and the Company's cash management.

h) Impairment of assets

i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets and financial guarantees measured at amortised cost or fair value through comprehensive income, except for investments in equity instruments, and interest in subsidiaries and associates.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured as 12 months expected credit loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

h) Impairment of assets (Cont'd.)

i) Financial assets (Cont'd.)

Loss allowances for trade receivable are always measured at an amount equal to lifetime expected credit loss.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

h) Impairment of assets (Cont'd.)

ii) Other assets

The carrying amounts of other assets (except for contract assets, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows 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 or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

j) Foreign currency

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated into the functional currency using the exchange rates at the reporting date (i.e. the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction (i.e. historical rate). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The assets and liabilities of foreign operations are translated into MYR at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

i) Issue expenses

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

ii) Ordinary shares

Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

l) Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund in Malaysia. Such contributions are recognised as an expense in the profit or loss as incurred.

m) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

n) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

i) Construction contracts

Revenue from construction contracts is recognised over time. The Group and the Company use an input method in measuring progress of the construction contracts. The Group and the Company recognise revenue on the basis of the contract costs incurred for work performed to-date relative to the total estimated costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

ii) Services rendered

Revenue from services is recognised over time using the output method. The Group and the Company recognise revenue from services in the amount to which the Group and the Company has a right to invoice because the right to consideration from the customers corresponds directly with the value to the customers of the Group's and the Company's performance completed to-date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

n) Revenue and other income (Cont'd.)

iii) Goods sold

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of goods and services taxes and discounts.

iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset is accounted for in accordance with the accounting policy on borrowing costs.

o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

p) Income tax

Income tax expense comprises current and deferred tax. Current tax 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

p) Income tax (Cont'd.)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or to realise the tax assets and settle the tax liabilities simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

q) Operating segments

An operating segment is a component of the Group and the Company 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 and the Company's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

r) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the periciod, 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, for the effects of all dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

s) Contingencies

i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

ii) Contingent assets

When the inflow of economic benefits of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefits is virtually certain, then the related asset is recognised.

t) 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 fair value 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 assets, 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 and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

4. PROPERTY, PLANT AND EQUIPMENT

Group	At cost								
	As at 1.1.2022 MYR	Acquisition of a subsidiary company MYR	Additions MYR	Written off MYR	Transfer to inventories MYR	Reclassifca-tion MYR	Transfer from right-of-use assets (Note 6) MYR	Translation differences MYR	As at 31.12.2022 MYR
Freehold land	260,000	-	-	-	-	-	-	-	260,000
Buildings	4,215,913	938,656	-	-	-	-	-	-	5,154,569
Furniture, fittings and equipment	1,561,023	-	651,287	(29,400)	-	-	-	542	2,183,452
Electrical equipment	8,489,439	-	476,379	-	(241,684)	-	-	37,295	8,761,429
Motor vehicles	2,217,181	-	-	-	-	-	565,692	-	2,782,873
Renovation	727,197	-	-	(9,475)	-	-	-	-	717,722
Telecommunication tower	-	119,827	800,000	-	-	-	-	-	919,827
Plant and machinery	26,292,613	-	1,272,331	-	-	-	-	-	27,564,944
Power plant	-	-	-	-	-	6,297,366	-	-	6,297,366
Capital work-in-progress	5,430,109	-	5,423,664	(25,000)	-	(6,297,366)	-	-	4,531,407
	49,193,475	1,058,483	8,623,661	(63,875)	(241,684)	-	565,692	37,837	59,173,589

Group	Accumulated depreciation						
	As at 1.1.2022 MYR	Acquisition of a subsidiary company MYR	Charge for the financial year MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	Translation differences MYR	As at 31.12.2022 MYR
Buildings	536,607	240,922	92,647	-	-	-	870,176
Furniture, fittings and equipment	1,036,304	-	219,694	(2,647)	-	486	1,253,837
Electrical equipment	292,842	-	521,125	-	-	27	813,994
Motor vehicles	1,998,890	-	105,759	-	565,691	-	2,670,340
Renovation	717,840	-	1,303	(1,421)	-	-	717,722
Telecommunication tower	-	-	-	-	-	-	-
Plant and machinery	3,544,007	-	2,496,312	-	-	-	6,040,319
Power plant	-	-	97,338	-	-	-	97,338
	8,126,490	240,922	3,534,178	(4,068)	565,691	513	12,463,726

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	At cost							
	As at 1.1.2021 MYR	Acquisition of subsidiary companies MYR	Additions MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	Translation differences MYR	As at 31.12.2021 MYR
Freehold land	260,000	-	-	-	-	-	-	260,000
Buildings	4,215,913	-	-	-	-	-	-	4,215,913
Furniture, fittings and equipment	1,592,134	-	53,233	-	(76,205)	-	(8,139)	1,561,023
Electrical equipment	652,435	-	7,876,398	-	(39,394)	-	-	8,489,439
Motor vehicles	2,123,275	-	136,716	(220,960)	-	178,150	-	2,217,181
Renovation	717,722	-	9,475	-	-	-	-	727,197
Plant and machinery	-	24,299,882	1,992,731	-	-	-	-	26,292,613
Capital work-in-progress	1,615,350	-	3,814,759	-	-	-	-	5,430,109
	11,176,829	24,299,882	13,883,312	(220,960)	(115,599)	178,150	(8,139)	49,193,475

Group	Accumulated depreciation							
	As at 1.1.2021 MYR	Acquisition of subsidiary companies MYR	Charge for the financial year (Note 28) MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	Translation differences MYR	As at 31.12.2021 MYR
Buildings	447,089	-	89,518	-	-	-	-	536,607
Furniture, fittings and equipment	915,196	-	199,894	-	(71,458)	-	(7,328)	1,036,304
Electrical equipment	142,895	-	155,893	-	(5,946)	-	-	292,842
Motor vehicles	1,928,709	-	112,991	(220,959)	-	178,149	-	1,998,890
Renovation	675,289	-	42,551	-	-	-	-	717,840
Plant and machinery	-	1,175,801	2,368,206	-	-	-	-	3,544,007
	4,109,178	1,175,801	2,969,053	(220,959)	(77,404)	178,149	(7,328)	8,126,490

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Net carrying amount	
	As at 31.12.2022 MYR	As at 31.12.2021 MYR
Freehold land	**260,000**	260,000
Buildings	**4,284,393**	3,679,306
Furniture, fittings and equipment	**929,615**	524,719
Electrical equipment	**7,947,435**	8,196,597
Motor vehicles	**112,533**	218,291
Renovation	**-**	9,357
Telecommunication tower	**919,827**	-
Plant and machinery	**21,524,625**	22,748,606
Power plant	**6,200,028**	-
Capital work-in-progress	**4,531,407**	5,430,109
	46,709,863	41,066,985

Company	At cost					
	As at 1.1.2022 MYR	Additions MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	As at 31.12.2022 MYR
Freehold land	**260,000**	**-**	**-**	**-**	**-**	**260,000**
Buildings	**4,215,913**	**-**	**-**	**-**	**-**	**4,215,913**
Furniture, fittings and equipment	**1,219,923**	**11,984**	**-**	**-**	**-**	**1,231,907**
Motor vehicles	**2,217,181**	**-**	**-**	**-**	**565,692**	**2,782,873**
Renovation	**717,722**	**-**	**-**	**-**	**-**	**717,722**
	8,630,739	**11,984**	**-**	**-**	**565,692**	**9,208,415**

Company	Accumulated depreciation					
	As at 1.1.2022 MYR	Charge for the financial year (Note 28) MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	As at 31.12.2022 MYR
Buildings	**536,607**	**89,518**	**-**	**-**	**-**	**626,125**
Furniture, fittings and equipment	**858,482**	**148,028**	**-**	**-**	**-**	**1,006,510**
Motor vehicles	**1,998,890**	**105,759**	**-**	**-**	**565,691**	**2,670,340**
Renovation	**717,682**	**40**	**-**	**-**	**-**	**717,722**
	4,111,661	**343,345**	**-**	**-**	**565,691**	**5,020,697**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	At cost					
	As at 1.1.2021 MYR	Additions MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	As at 31.12.2021 MYR
Freehold land	260,000	-	-	-	-	260,000
Buildings	4,215,913	-	-	-	-	4,215,913
Furniture, fittings and equipment	1,285,878	10,250	-	(76,205)	-	1,219,923
Motor vehicles	2,123,275	136,716	(220,960)	-	178,150	2,217,181
Renovation	717,722	-	-	-	-	717,722
	8,602,788	146,966	(220,960)	(76,205)	178,150	8,630,739

Company	Accumulated depreciation					
	As at 1.1.2021 MYR	Charge for the financial year (Note 28) MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	As at 31.12.2021 MYR
Buildings	447,089	89,518	-	-	-	536,607
Furniture, fittings and equipment	767,885	162,055	-	(71,458)	-	858,482
Motor vehicles	1,928,709	112,991	(220,959)	-	178,149	1,998,890
Renovation	675,289	42,393	-	-	-	717,682
	3,818,972	406,957	(220,959)	(71,458)	178,149	4,111,661

	Net carrying amount	
	As at 31.12.2022 MYR	As at 31.12.2021 MYR
Freehold land	**260,000**	260,000
Buildings	**3,589,788**	3,679,306
Furniture, fittings and equipment	**225,397**	361,441
Motor vehicles	**112,533**	218,291
Renovation	**-**	40
	4,187,718	4,519,078

i) The freehold land and buildings of the Group and of the Company at carrying amount of MYR3,849,788 (2021 – MYR3,939,306), have been pledged to licensed banks as securities for credit facilities as disclosed in Note 21.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

ii) The gross carrying amount of fully depreciated property, plant and equipment of the Group and of the Company are as follows:

	Group and Company	
	2022 MYR	2021 MYR
Furniture, fittings and equipment	**273,147**	294,262
Motor vehicles	**1,871,384**	1,510,235
Renovation	**717,722**	535,771
	2,862,253	2,340,268

iii) Included in property, plant and equipment are telecommunication tower and capital work-in-progress amounted to MYR1,600,480 (2021 – MYR Nil) held by way of the assignment of full beneficial rights over the asset by virtue of an agreement signed by a subsidiary company of the Group, KAB Integrated Networks Sdn. Bhd., ("KABTGN"), with the vendor. KABTGN was granted an irrevocable option to buy over the asset at the nominal value of MYR1, where upon exercising the option, the legal and beneficial ownership of the asset will be transferred to KABTGN.

5. INVESTMENT PROPERTIES

	Freehold land MYR	Leasehold land MYR	Buildings MYR	Capital work-in-progress MYR	Total MYR
Group					
At cost					
As at 1 January 2022	**1,202,146**	**4,716,112**	**5,502,788**	**6,364,871**	**17,785,917**
Acquisition of a subsidiary company	**-**	**375,000**	**938,656**	**-**	**1,313,656**
Additions	**450,214**	**-**	**1,800,856**	**252,747**	**2,503,817**
Reclassifications	**460,457**	**(993,762)**	**2,266,113**	**(1,732,808)**	**-**
As at 31 December 2022	**2,112,817**	**4,097,350**	**10,508,413**	**4,884,810**	**21,603,390**
Accumulated depreciation					
As at 1 January 2022	**-**	**146,817**	**236,857**	**-**	**383,674**
Acquisition of a subsidiary company	**-**	**55,162**	**240,922**	**-**	**296,084**
Charge for the financial year (Note 28)	**-**	**95,572**	**197,295**	**-**	**292,867**
As at 31 December 2022	**-**	**297,551**	**675,074**	**-**	**972,625**
Net carrying amount					
As at 31 December 2022	**2,112,817**	**3,799,799**	**9,833,339**	**4,884,810**	**20,630,765**

5. INVESTMENT PROPERTIES (CONT'D.)

	Freehold land MYR	Leasehold land MYR	Buildings MYR	Capital work-in-progress MYR (Restated)	Total MYR
Group					
At cost					
As at 1 January 2021	470,789	3,473,910	2,155,022	3,582,001	9,681,722
Additions	606,354	1,242,202	2,775,569	3,480,070	8,104,195
Reclassifications	125,003	-	572,197	(697,200)	-
As at 31 December 2021	1,202,146	4,716,112	5,502,788	6,364,871	17,785,917
Accumulated depreciation					
As at 1 January 2021	-	75,268	145,485	-	220,753
Charge for the financial year (Note 28)	-	71,549	91,372	-	162,921
As at 31 December 2021	-	146,817	236,857	-	383,674
Net carrying amount					
As at 31 December 2021	1,202,146	4,569,295	5,265,931	6,364,871	17,402,243
Company					
At cost					
As at 1 January 2022	**862,668**	**4,716,112**	**3,948,839**	**3,255,124**	**12,782,743**
Additions	**450,214**	**-**	**1,800,856**	**96,267**	**2,347,337**
Reclassifications	**460,457**	**(993,762)**	**2,266,113**	**(1,732,808)**	**-**
As at 31 December 2022	**1,773,339**	**3,722,350**	**8,015,808**	**1,618,583**	**15,130,080**
Accumulated depreciation					
As at 1 January 2022	**-**	**146,817**	**215,152**	**-**	**361,969**
Charge for the financial year (Note 28)	**-**	**94,322**	**156,298**	**-**	**250,620**
As at 31 December 2022	**-**	**241,139**	**371,450**	**-**	**612,589**
Net carrying amount					
As at 31 December 2022	**1,773,339**	**3,481,211**	**7,644,358**	**1,618,583**	**14,517,491**
At cost					
As at 1 January 2021	470,789	3,473,910	2,155,022	3,582,001	9,681,722
Additions	266,876	1,242,202	1,221,620	370,323	3,101,021
Reclassifications	125,003	-	572,197	(697,200)	-
As at 31 December 2021	862,668	4,716,112	3,948,839	3,255,124	12,782,743
Accumulated depreciation					
As at 1 January 2021	-	75,268	145,485	-	220,753
Charge for the financial year (Note 28)	-	71,549	69,667	-	141,216
As at 31 December 2021	-	146,817	215,152	-	361,969
Net carrying amount					
As at 31 December 2021	862,668	4,569,295	3,733,687	3,255,124	12,420,774

5. INVESTMENT PROPERTIES (CONT'D.)

Investment properties of the Group and of the Company comprise commercial and residential properties that are intended to be leased to third parties. No contingent rents are charged.

The freehold land and building of the Group and the Company totaling MYR1,375,550 (2021 – MYR1,375,550) have been pledged to licensed bank as securities for credit facilities as disclosed in Note 21.

The total fair value of investment properties of the Group and of the Company as at financial year end was MYR20,616,609 (2021 – MYR11,510,398) and MYR13,656,609 (2021 – MYR9,638,676) respectively. The fair value was arrived from Directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

Fair value information

The fair value of investment properties of the Group and of the Company is categorised as follows:

	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR
Group				
2022	-	-	**20,616,609**	**20,616,609**
2021	-	-	11,510,398	11,510,398
Company				
2022	-	-	**13,656,609**	**13,656,609**
2021	-	-	9,638,676	9,638,676

Rental income in respect of the investment properties of the Group and of the Company as at financial year end of MYR126,255 and MYR66,436 respectively (2021 – MYR56,500 and MYR47,700) is recognised in profit or loss.

Additions of investment properties during the year are by way of:

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Contra from trade receivables	**2,251,070**	4,624,125	**2,251,070**	2,730,698
Cash	**252,747**	3,480,070	**96,267**	370,323
	2,503,817	8,104,195	**2,347,337**	3,101,021

6. RIGHT-OF-USE ASSETS

	Leasehold land MYR	Motor vehicles MYR	Total MYR
Group			
At cost			
As at 1 January 2022	**760,000**	**2,832,707**	**3,592,707**
Acquisition of a subsidiary company	**375,000**	**-**	**375,000**
Additions	**-**	**520,514**	**520,514**
Disposal	**-**	**(255,000)**	**(255,000)**
Transfer to property, plant and equipment (Note 4)	**-**	**(565,692)**	**(565,692)**
As at 31 December 2022	**1,135,000**	**2,532,529**	**3,667,529**
Accumulated depreciation			
As at 1 January 2022	**100,300**	**1,412,490**	**1,512,790**
Acquisition of a subsidiary company	**55,162**	**-**	**55,162**
Charge for the financial year (Note 28)	**16,450**	**589,577**	**606,027**
Disposal	**-**	**(68,000)**	**(68,000)**
Transfer to property, plant and equipment (Note 4)	**-**	**(565,691)**	**(565,691)**
As at 31 December 2022	**171,912**	**1,368,376**	**1,540,288**
Net carrying amount			
As at 31 December 2022	**963,088**	**1,164,153**	**2,127,241**
At cost			
As at 1 January 2021	760,000	2,544,040	3,304,040
Additions	-	466,817	466,817
Transfer to property, plant and equipment (Note 4)	-	(178,150)	(178,150)
As at 31 December 2021	760,000	2,832,707	3,592,707
Accumulated depreciation			
As at 1 January 2021	85,100	1,079,601	1,164,701
Charge for the financial year (Note 28)	15,200	511,038	526,238
Transfer to property, plant and equipment (Note 4)	-	(178,149)	(178,149)
As at 31 December 2021	100,300	1,412,490	1,512,790
Net carrying amount			
As at 31 December 2021	659,700	1,420,217	2,079,917

6. RIGHT-OF-USE ASSETS (CONT'D.)

	Leasehold land MYR	Motor vehicles MYR	Total MYR
Company			
At cost			
As at 1 January 2022	**760,000**	**2,634,707**	**3,394,707**
Additions	**-**	**520,514**	**520,514**
Disposal	**-**	**(255,000)**	**(255,000)**
Transfer to property, plant and equipment (Note 4)	**-**	**(565,692)**	**(565,692)**
As at 31 December 2022	**760,000**	**2,334,529**	**3,094,529**
Accumulated depreciation			
As at 1 January 2022	**100,300**	**1,329,990**	**1,430,290**
Charge for the financial year (Note 28)	**15,200**	**549,977**	**565,177**
Disposal	**-**	**(68,000)**	**(68,000)**
Transfer to property, plant and equipment (Note 4)	**-**	**(565,691)**	**(565,691)**
As at 31 December 2022	**115,500**	**1,246,276**	**1,361,776**
Net carrying amount			
As at 31 December 2022	**644,500**	**1,088,253**	**1,732,753**
At cost			
As at 1 January 2021	760,000	2,346,040	3,106,040
Additions	-	466,817	466,817
Transfer to property, plant and equipment (Note 4)	-	(178,150)	(178,150)
As at 31 December 2021	760,000	2,634,707	3,394,707
Accumulated depreciation			
As at 1 January 2021	85,100	1,036,701	1,121,801
Charge for the financial year (Note 28)	15,200	471,438	486,638
Transfer to property, plant and equipment (Note 4)	-	(178,149)	(178,149)
As at 31 December 2021	100,300	1,329,990	1,430,290
Net carrying amount			
As at 31 December 2021	659,700	1,304,717	1,964,417

The leasehold land of the Group and the Company at net carrying amounts of MYR963,088 (2021 – MYR659,700) and MYR644,500 (2021 – MYR659,700) respectively have been pledged to licensed banks as securities for credit facilities granted to the Group and to the Company as disclosed in Note 21.

6. RIGHT-OF-USE ASSETS (CONT'D.)

Additions of right-of-use assets are by way of:

	Group and Company	
	2022 MYR	2021 MYR
Cash	**420,514**	266,817
Financed by lease agreement	**100,000**	200,000
	520,514	466,817

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2022 MYR	2021 MYR
Unquoted shares, at costs:		
- Within Malaysia	**147,451**	147,300
- Outside Malaysia	**541**	541
	147,992	147,841

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest 2022 %	Effective ownership interest 2021 %
KAB Energy Holdings Sdn. Bhd.	Malaysia	Investment holding of shares	**100**	100
KAB Energy Power Sdn. Bhd.	Malaysia	To raise financing via the issuance of Sukuk Murabahah of up to MYR500,000,000 in nominal value from time to time pursuant to the Multi-Currency Sukuk Programme and investment holdings of shares	**100**	100
Eliq Management Sdn. Bhd.	Malaysia	Investment properties and management services	**100**	100
KAB Telco Sdn. Bhd.	Malaysia	Operation of telecommunication infrastructure	**100**	100
KAB Signature Management Sdn. Bhd.	Malaysia	Provision of accounting, finance, administrative, human resources and management services to its related companies	**100**	100
KAB Robotic and Automation Solutions Sdn. Bhd.	Malaysia	Distributing, marketing, selling and other ancillary services for ultraviolet C disinfection system and other robotic solutions	**70**	70

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest 2022 %	Effective ownership interest 2021 %
KAB TGreen Energy Sdn. Bhd. (formerly known as KAB Bintai Energy Sdn. Bhd.)	Malaysia	Dormant since incorporation. Intended principal activities are the undertaking of solar projects and its related business	**100**	60
KAB M&E Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are mechanical & engineering services	**100**	-
Fortune Electrical Services Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are mechanical & engineering services	**51**	-
KAB (HK) Investment Co., Ltd. *	Hong Kong	Dormant since incorporation. Intended principal activity is investment holding	**100**	100
Subsidiary companies of KAB Energy Power Sdn. Bhd.				
KIEV CRG Sdn. Bhd.	Malaysia	Operation of generation facilities that produce electric energy and transmission, distribution and sales of electricity	**100**	100
KAB Carewell O&M Services Sdn. Bhd.	Malaysia	Operation and maintenance services for any kind of equipment and facilities	**100#**	100
Dynagen Power (M) Sdn. Bhd.	Malaysia	Operation of generation facilities that produce electric energy and transmission, distribution and sales of electricity	**100@**	100
Subsidiary companies of KAB Energy Holdings Sdn. Bhd.				
KAB Technologies Sdn. Bhd.	Malaysia	Design, installation and commissioning of energy monitoring and saving software	**100**	100
KAB Smart Solar Energy Sdn. Bhd.	Malaysia	Provisioning of engineering, procurement, construction and commission services for solar photovoltaic systems and green technology engineering services	**100**	100
KAB Core Connect Services Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are provision of operation and the maintenance services	**100**	100

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Subsidiary companies of KAB Energy Holdings Sdn. Bhd. (Cont'd.)				
Z Energy Power Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are the operation of generation facilities that produce energy and transmission, distribution and sales of electricity	**100**	-
Genplan Advisory & Management Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are construction, operation and maintenance of generation facilities that produce electric energy	**100**	-
Subsidiary company of KAB Robotics and Automation Sdn. Bhd.				
iSenze Sdn. Bhd.	Malaysia	General trading	**100**	100
Subsidiary company of KAB (HK) Investment Co., Ltd.				
V-Tez Intelligent Solutions (V) Co., Ltd.	Vietnam	Electrical installation services, construction of electrical works, technical consultancy services and other specialised construction activities	**100**	100
Subsidiary companies of KAB Technologies Sdn. Bhd.				
Econergy Plus Sdn. Bhd.	Malaysia	Provision of energy solution and service using own proprietary internet of things-based hardware and software	**100**	100
KABT Unified Engineering Solutions Sdn. Bhd.	Malaysia	Provision of energy control service and solution using proprietary building management automation system	**80**	80
TVT Link Tech Solutions Sdn. Bhd.	Malaysia	Maintenance services to electrical equipment and facilities	**60**	60
KAB Technologies (Thai) Co., Ltd. *	Thailand	Investment holding	**89**	89

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest 2022 %	Effective ownership interest 2021 %
Subsidiary companies of KAB Smart Solar Energy Sdn. Bhd.				
Mayang Hijau Sdn. Bhd.	Malaysia	Developing, financing, constructing, operating and maintaining self-owned or leased solar photovoltaic projects and projects involving green technology	**80**	80
KAB Gree Solar Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are developing, financing, constructing, operating, and maintaining solar photovoltaic project and projects involving green technology	**100**	100
Subsidiary company of Energy Optimization (Thailand) Co., Ltd.				
KAB Gree Solar Thai Co., Ltd. *	Thailand	Dormant since incorporation. Intended principal activities are contractor installation and maintenance of solar power systems, supply of spare parts and equipment	**98**	98
Subsidiary company of KAB Technologies (Thai) Co., Ltd.				
Energy Optimization (Thailand) Co., Ltd. *	Thailand	Design and implementation of energy saving equipment	**49.99^**	49.99^
Subsidiary companies of KAB Telco Sdn. Bhd.				
KAB Integrated Networks Sdn. Bhd.	Malaysia	Operation of telecommunication infrastructure	**100**	-
Significant Technologies Sdn. Bhd.	Malaysia	Operation of telecommunication infrastructure	**100**	-

^ *Although the Group has less than 50% of the ownership in the equity interest of Energy Optimisation Technologies Co. Ltd., the Group has determined that it has control through representation on the subsidiary's Board of Directors.*

* *Audited by a firm other than Kreston John & Gan.*

\# *The shares are charged to and held in trust by Pacific Trustee Berhad for credit facilities as disclosed in Note 21(c).*

@ *The shares are charged to Pacific Trustee Berhad for credit facilities as disclosed in Note 21(c).*

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Acquisition of subsidiary companies

On 10 November 2022, the Group acquired 100% equity interest in Significant Technologies Sdn. Bhd. ("Sigtech") for a total consideration of MYR1,429,784. Upon the acquisition, Sigtech became a subsidiary of the Group.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

2022	Significant Technologies Sdn. Bhd. MYR
Plant and equipment	**817,561**
Investment properties	**1,017,572**
Right-of-use assets	**319,838**
Deferred tax asset (Note 9)	**219,338**
Trade receivables	**1,915,970**
Other receivables and deposits	**778,257**
Cash and bank balances	**261,680**
Borrowings	**(2,262,355)**
Group's interest in fair value of net identifiable assets	**3,067,861**
Cost of business combination	**(1,429,784)**
Bargain purchase gain on acquisition (Note 26)	**1,638,077**

The effect of the acquisition on cash flows is as follows:

	2022 MYR
Consideration settled in cash	**(1,429,784)**
Less: Cash and cash equivalents of subsidiary acquired	**261,680**
Net cash outflow on acquisition	**(1,168,104)**

On 25 October 2021, the Group acquired 2,500,000 ordinary shares of Dynagen Power (M) Sdn. Bhd. for a total consideration of MYR6,795,752, with MYR6,655,752 paid in 2021. During the year, the Group has completed the remaining purchase consideration of MYR,140,000.

On 30 November 2021, the Group acquired 1,000 ordinary shares of iSenze Sdn. Bhd. for a total consideration of MYR745,006.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Acquisition of subsidiary companies (Cont'd.)

The fair values of the identifiable assets and liabilities of as at the date of acquisition were:

2021	Dynagen Power (M) Sdn. Bhd. MYR (Restated)	iSenze Sdn. Bhd. MYR	Total MYR (Restated)
Plant and equipment	21,292,171	-	21,292,171
Intangible asset	4,570,075	-	4,570,075
Inventories	-	2,428	2,428
Trade receivables	336,150	7,900	344,050
Other receivables, deposits	461,635	-	461,635
Cash and bank balances	203,759	2,255	206,014
Trade payables	(20,000)	-	(20,000)
Other payables	(929,273)	(20,366)	(949,639)
Deferred tax liabilities	(1,096,818)	-	(1,096,818)
Amount due to immediate holding company	(2,710,791)	-	(2,710,791)
Borrowings	(18,105,274)	(7,193)	(18,112,467)
Group's interest in fair value of net identifiable assets	4,001,634	(14,976)	3,986,658
Less: Cost of business combination	(6,795,752)	(745,006)	(7,540,758)
Goodwill arises on acquisition	2,794,118	759,982	3,554,100

The effect of the acquisitions on cash flows is as follows:

	2022 MYR	2021 MYR	Total MYR
Consideration settled in cash	**140,000**	7,400,758	7,540,758
Less: Cash and cash equivalents of subsidiary acquired	**-**	(206,014)	(206,014)
Net cash outflow on acquisition	**140,000**	7,194,744	7,334,744

Disposal of subsidiary companies

On 1 March 2021, the Company disposed of the entire equity interest in KAB Carewell O&M Sdn. Bhd. to KAB Energy Power Sdn. Bhd., a subsidiary company of the Company.

On 15 October 2021, the Company disposed of the entire equity interest in KAB Technologies Sdn. Bhd. and KAB Smart Solar Energy Sdn. Bhd. to KAB Energy Holdings Sdn. Bhd., a subsidiary company of the Company.

8. INTANGIBLE ASSETS

Group	Goodwill MYR	Other intangible assets MYR	Total MYR
At cost			
As at 1 January 2021	982,021	-	982,021
Additions (Restated)	3,414,100	4,570,075	7,984,175
As at 31 December 2021 (Restated)	4,396,121	4,570,075	8,966,196
Additions	**140,000**	**-**	**140,000**
As at 31 December 2022	**4,536,121**	**4,570,075**	**9,106,196**
Accumulated amortisation			
As at 1 January 2021 and 31 December 2021	-	-	-
Charge for the financial year (Note 28)	**-**	**451,798**	**451,798**
As at 31 December 2022	**-**	**451,798**	**451,798**
Net carrying amount			
As at 31 December 2022	**4,536,121**	**4,118,277**	**8,654,398**
As at 31 December 2021 (Restated)	4,396,121	4,570,075	8,966,196

Goodwill arising from business combinations and other intangible assets has been allocated to four individual cash-generating units ("CGU") for impairment testing as follows:

	Group	
	2022 MYR	2021 MYR (Restated)
KIEV CRG Sdn. Bhd.	**252,053**	252,053
Energy Optimization (Thailand) Co., Ltd.	**729,968**	729,968
Dynagen Power (M) Sdn. Bhd.	**2,794,118**	2,654,118
iSenze Sdn. Bhd.	**759,982**	759,982
	4,536,121	4,396,121

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the CGU and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and management's expectations of market development.
- The revenue used to calculate the cash flows from operations was determined after taking into consideration performance trends of the industries in which the CGUs are exposed to. Value assigned are consistent with the external sources of information.
- The pre-tax discount rate of 21.76% (2021 – 21.76%) was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on the capital asset pricing model ("CAPM").

9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) presented after appropriate offsetting are as follows:

	Group		Company	
	2022 MYR	2021 MYR (Restated)	2022 MYR	2021 MYR
Deferred tax assets	**348,364**	129,026	**69,026**	69,026
Deferred tax liabilities	**(1,147,518)**	(1,139,818)	**-**	-
	(799,154)	(1,010,792)	**69,026**	69,026

The movement on the net deferred tax assets/(liabilities) is as follows:

	Group		Company	
	2022 MYR	2021 MYR (Restated)	2022 MYR	2021 MYR
As at 1 January	**(1,010,792)**	119,026	**69,026**	119,026
Acquisition of a subsidiary company (Note 7)	**219,338**	(1,096,818)	**-**	-
Recognised in profit or loss (Note 31)	**(7,700)**	(33,000)	**-**	(50,000)
As at 31 December	**(799,154)**	(1,010,792)	**69,026**	69,026

The components of deferred tax assets and liabilities during the financial year are as follows:

	Group		Company	
	2022 MYR	2021 MYR (Restated)	2022 MYR	2021 MYR
Deferred tax assets				
- Trade receivables	**238,260**	238,260	**238,260**	238,260
- Unutilised tax losses	**251,115**	12,837	**-**	-
- Unabsorbed capital allowances	**3,614,265**	3,477,472	**-**	-
	4,103,640	3,728,569	**238,260**	238,260
Deferred tax liabilities				
- Property, plant and equipment	**(3,718,806)**	(3,555,373)	**(82,064)**	(82,064)
- Intangible assets	**(1,096,818)**	(1,096,818)	**-**	-
- Trade payables	**(87,170)**	(87,170)	**(87,170)**	(87,170)
	(4,902,794)	(4,739,361)	**(169,234)**	(169,234)
	(799,154)	(1,010,792)	**69,026**	69,026

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Unutilised tax losses and unabsorbed capital allowances of the Group amounted to MYR2,735,516 (2021 – MYR2,793,716) and MYR471,190 (2021 – MYR274,178) respectively which are available to set-off against future chargeable income for which the tax effects have not been recognised in the financial statements.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised tax losses, i.e. to be carried forward for a maximum of 7 consecutive years of assessment.

10. OTHER INVESTMENT

	Group	
	2022 MYR	2021 MYR
Fair value through other comprehensive income		
5% Non-Cumulative Redeemable Convertible Preference Shares	**5,678,950**	-

11. TRADE RECEIVABLES

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Non-current				
Third parties	**9,679,263**	11,065,333	**9,679,263**	11,065,333
Current				
Third parties	**72,640,165**	64,572,248	**69,267,808**	63,687,484
	82,319,428	75,637,581	**78,947,071**	74,752,817

The normal credit terms of trade receivables range from 30 to 90 (2021 – 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables as at financial year end is retention sum of MYR22,060,099 (2021 – MYR22,672,437) relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be collected as follows:

	Group and Company	
	2022 MYR	2021 MYR
Within 1 year	**12,380,836**	11,607,104
More than 1 year and less than 2 years	**2,449,265**	4,342,652
More than 2 years and less than 5 years	**7,229,998**	6,722,681
	22,060,099	22,672,437

12. INVENTORIES

	Group	
	2022 MYR	2021 MYR
At cost		
- Finished goods	**586,876**	890,746

13. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Contract assets	**68,386,501**	60,950,861	**67,620,880**	60,950,861
Contract liabilities	**10,094,804**	11,797,295	**10,094,804**	11,797,295

Contract assets and contract liabilities of the Group and the Company mainly relate to revenue earned from construction contracts. As such, the balances of these accounts vary and depend on the number of ongoing projects at the end of the year.

Set out below is the amount of revenue recognised from:

	Group and Company	
	2022 MYR	2021 MYR
Amounts included in contract liabilities at the beginning of the financial year	**7,272,656**	5,821,400

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	Group and Company	
	2022 MYR	2021 MYR
Within one year	**114,203,745**	185,853,964
More than one year	**28,550,936**	79,651,699
	142,754,681	265,505,663

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 MYR	2021 MYR (Restated)	2022 MYR	2021 MYR
Other receivables	**1,007,901**	1,719,083	**268,500**	383,447
Deposits	**1,301,077**	1,747,523	**295,003**	269,134
Prepayments	**1,431,862**	4,052,496	**-**	-
	3,740,840	7,519,102	**563,503**	652,581

15. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

The amount due from/(to) subsidiary companies are unsecured, interest free and repayable on demand.

16. DEPOSITS WITH LICENSED BANKS

Included in deposits with licensed banks of the Group and of the Company are amounts of MYR33,436,824 (2021 – MYR29,349,796) and MYR32,240,006 (2021 – MYR28,876,101) respectively which have been pledged to licensed banks as security for bank credit facilities granted to the Group and the Company as disclosed in Note 21.

The effective interest rates of fixed deposits with licensed banks during the financial year range from 1.55% to 2.45% (2021 – 1.55% to 1.80%) per annum.

17. SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		MYR	MYR
Issued and fully paid				
As at 1 January	**1,777,994,669**	931,608,598	**93,809,253**	53,299,463
Issuance of shares	**30,000,000**	94,433,100	**9,788,000**	40,509,790
Share split	**-**	751,952,971	**-**	-
As at 31 December	**1,807,994,669**	1,777,994,669	**103,597,253**	93,809,253

During the financial year, the issued and paid-up share capital of the Company was increased from 1,777,994,669 ordinary shares to 1,807,994,669 ordinary shares by way of the issuance of:

a. 20,000,000 new ordinary shares for cash pursuant to the private placement at exercise price of MYR0.3019 per ordinary share; and

b. 10,000,000 new ordinary shares for cash pursuant to the private placement at exercise price of MYR0.375 per ordinary share.

17. SHARE CAPITAL (CONT'D.)

In prior financial year, the issued and paid-up share capital of the Company was increased from 931,608,598 ordinary shares to 1,777,994,669 ordinary shares by way of the issuance of:

a. 8,333,100 new ordinary shares for cash pursuant to the private placement at exercise price of MYR0.90 per ordinary shares.;

b. 751,952,971 new ordinary shares by way of subdivision of every 100 existing shares into 180 subdivided shares;

c. 57,500,000 new ordinary shares for cash pursuant to the private placement at exercise price of MYR0.40 per ordinary shares; and

d. 28,600,000 new ordinary shares for cash pursuant to the private placement at exercise price of MYR0.35 per ordinary shares.

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 pari-passu with regard to the Company's residual assets.

18. FOREIGN CURRENCY TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

19. TREASURY SHARES

At the end of the reporting period, 88,898 (2021 – 88,898) issued and fully paid ordinary shares are held as treasury shares by the Company.

20. RETAINED PROFITS

The Company may distribute dividend out of its retained profits under the single tier system which is tax exempt in the hands of the shareholders.

21. BORROWINGS

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Non-current				
Secured				
Term loans	**17,860,142**	29,247,908	**5,306,530**	5,716,747
Medium term notes	**17,100,000**	-	**-**	-
	34,960,142	29,247,908	**5,306,530**	5,716,747
Current				
Secured				
Banker acceptance	**7,726,000**	7,921,000	**7,726,000**	7,921,000
Trade finance	**11,073,612**	9,423,331	**11,073,612**	9,423,331
Revolving credit	**3,900,989**	7,621,432	**2,000,989**	7,621,432
Bank overdrafts	**13,930,384**	10,285,972	**13,694,961**	9,825,958
Term loans	**3,114,058**	3,619,134	**499,783**	328,082
Medium term notes	**2,850,000**	-	**-**	-
	42,595,043	38,870,869	**34,995,345**	35,119,803
Total borrowings				
Secured				
Banker's acceptance	**7,726,000**	7,921,000	**7,726,000**	7,921,000
Trade finance	**11,073,612**	9,423,331	**11,073,612**	9,423,331
Revolving credit	**3,900,989**	7,621,432	**2,000,989**	7,621,432
Bank overdrafts	**13,930,384**	10,285,972	**13,694,961**	9,825,958
Term loans	**20,974,200**	32,867,042	**5,806,313**	6,044,829
Medium term notes	**19,950,000**	-	**-**	-
	77,555,185	68,118,777	**40,301,875**	40,836,550

The effective interest rates for the Group and the Company are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Banker's acceptance	**5.23 – 6.00**	5.23 – 6.00	**5.23**	5.23
Trade finance	**6.00 – 6.51**	4.71 – 5.22	**6.51**	4.71 – 5.22
Revolving credit	**4.8 – 5.2**	4.52	**4.80 – 5.20**	4.52
Bank overdrafts	**6.67 – 7.57**	7.45 – 9.95	**6.67 – 7.57**	7.45 – 9.95
Term loans	**3.70 – 7.07**	5.51 – 7.00	**3.70 – 7.07**	5.57 – 7.00
Medium term notes	**4.25 - 5.75**	-	**-**	-

21. BORROWINGS (CONT'D.)

The remaining maturities of the borrowings as at 31 December 2022 are as follows:

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
On demand or within one year	**42,595,043**	38,870,869	**34,995,345**	35,119,803
Later than one year and not later than two years	**5,121,938**	22,005,765	**511,806**	2,132,917
Later than two years and not later than five years	**20,395,078**	4,002,804	**2,315,633**	1,074,911
Later than five years	**9,443,126**	3,239,339	**2,479,091**	2,508,919
	77,555,185	68,118,777	**40,301,875**	40,836,550

a) Banker's acceptance, trade finance, revolving credit and bank overdrafts

The banker's acceptance, trade finance, revolving credit and bank overdrafts are secured by the following:

i) first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4; and

ii) a lien over fixed deposits of the Company.

b) Term loans

Term loan 1

The term loan 1 is secured by the following:

i) first party legal charge over freehold land and building and leasehold land and building of the Group and the Company as disclosed in Notes 4 and 6; and
ii) a lien over fixed deposits of the Company.

Term loan 2

The term loan 2 is secured by the following:

i) first party legal charge over freehold land and building and leasehold land and building of the Group and the Company as disclosed in Notes 4 and 6; and
ii) a lien over fixed deposits of the Company.

21. BORROWINGS (CONT'D.)

b) Term loans (Cont'd.)

Term loan 3

The term loan 3 is secured by first party legal charge over a unit of retail shop lot of the Group and the Company as disclosed in Note 5.

Term loan 4

The term loan 4 is secured by party legal charge over a service apartment of the Group and the Company as disclosed in Note 5.

Term loan 5

The term loan 5 is secured by the followings:

i) personal guarantee by a director of the subsidiary, ChanChai Kitprotpisuth;
ii) pledged of Government Saving Bank's lottery of a director of the subsidiary, ChanChai Kitprotpisuth; and
iii) guarantee executed by third party, Thai Credit Guarantee Corporation (TCG).

Term loan 6

The term loan 6 is secured by the followings:

i) Facilities Agreement For The Sum of All Monies Securities; and
ii) a lien over fixed deposits of the Company.

Term loan 7

The term loan 7 is secured by the followings:

i) Facilities Agreement For The Sum of All Monies Securities;
ii) corporate guarantee by the Company and shareholder of the subsidiary; and
iii) personal guarantee by a director of the subsidiary, Heng Boon Liang.

21. BORROWINGS (CONT'D.)

b) Term loans (Cont'd.)

Term loan 8

The term loan 8 is secured by the followings:

i) Facilities Agreement;
ii) corporate guarantee by the Company;
iii) fixed charge over fixed deposits of the subsidiary; and
iv) fixed charge of particular project proceeds and for plant and equipment as disclosed in Note 4.

Term loan 9

The term loan 9 is secured by the following:

i) deed of assignment over the properties acquired and a charge on the titles in respect of the plant and equipment as disclosed in Note 4;
ii) corporate guarantee by third party, Invest Energy Sdn. Bhd.;
iii) personal guarantee by a formal director of the subsidiary, Anand Remakrishnan; and
iv) guarantee executed by a third party, Credit Guarantee Corporation (CGC) under Green Technology Financing Scheme.

The loan was fully repaid during the financial year.

Term loan 10

The term loan 10 is secured by Facilities Agreement For The Sum of All Monies Securities.

Term loan 11

The term loan is 11 is secured by the followings:

i) Facility Agreements;
ii) first party legal charges over leasehold land and building of the subsidiary as disclosed in Note 5;
iii) assignment of contract proceeds and charge over project accounts on certain identified awarded contracts;
iv) Joint and several guarantee by former directors of the subsidiary, Najman bin Kamaruddin, Mohamad Khazani bin Abdullahand Mohd Rizal bin Mohd Suradi and Muhammad Muhtadi bin Mohamad Khazani; and
v) 80% guarantee executed by a third party, Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under Government Guarantee Scheme COVID-19 up to MYR160,000.

21. BORROWINGS (CONT'D.)

c) Medium term notes

The Group had established a Multi-Currency Islamic Medium Term Notes Programme of up to MYR500 million in nominal value based on the Principle of Murabahah (via Tawarruq Arrangement) on 29 September 2021 ("Sukuk Murabahah").

The maiden issue was completed on 31 January 2022, to refinance the existing loan of its subsidiary, and to fund the minimum balance and build-up requirement in the designated bank accounts, for an amount of MYR19.95 million ("Tranche 1 Sukuk Murabahah").

Tranche 1 Sukuk Murabahah is secured against various assets of the Group - KABDYP and KAB Carewell O&M Services Sdn. Bhd. ("KABCW") ("Series 1 of Tranche 1 Sukuk Murabahah") and by a financial guarantee from Danajamin Nasional Berhad ("Series 2 of Tranche 1 Sukuk Murabahah").

Other than stated above, the Tranche 1 Sukuk Murabahah is also secured by the followings:

i) Assignment and charge on assets of the Group as disclosed in Note 4;
ii) Registered third party first ranking legal charge over a parcel of vacant leasehold residential land of the Company as disclosed in Note 5;
iii) Charge over shares of subsidiaries as disclosed in Note 7; and
iv) Corporate guarantee of the Company and certain subsidiary.

22. LEASE LIABILITIES

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Minimum lease payments:				
- not later than one year	**303,475**	415,361	**273,799**	385,685
- later than one year and not later than two years	**222,716**	325,506	**193,040**	295,830
- later than two years and not later than five years	**158,812**	408,112	**97,063**	319,084
- later than five years	**-**	2,396	**-**	-
	685,003	1,151,375	**563,902**	1,000,599
Less: Future interest charge	**(39,212)**	(80,418)	**(29,697)**	(65,371)
Present value of lease liabilities	**645,791**	1,070,957	**534,205**	935,228
Repayable as follows:				
Non-current				
- later than one year and not later than two years	**211,553**	301,057	**185,017**	275,717
- later than two years and not later than five years	**153,889**	392,674	**94,180**	308,816
- later than five years	**-**	2,387	**-**	-
	365,442	696,118	**279,197**	584,533
Current				
- not later than one year	**280,349**	374,839	**255,008**	350,695
	645,791	1,070,957	**534,205**	935,228

The effective interest rates for the Group and the Company are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Lease liabilities	**3.77 – 4.84**	3.77 – 4.57	**3.77 – 4.84**	3.77 – 4.57

The Group and the Company obtain lease facilities to finance their purchase of motor vehicles. Implicit interest rate of the lease is fixed at the inception of the lease arrangements, and the lease instalments are fixed throughout the lease period. There are no significant restriction clauses imposed on the lease arrangements.

23. TRADE PAYABLES

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Non-current				
Third parties	**4,167,594**	4,070,488	**4,167,594**	4,070,488
Current				
Third parties	**54,160,983**	43,638,118	**50,515,992**	38,130,503
	58,328,577	47,708,606	**54,683,586**	42,200,991

The normal credit terms of trade payables range from 30 to 120 days (2021 – 30 to 120 days). However, credit terms may vary dependent on negotiation with the suppliers.

Included in trade payables as at financial year end is retentions sum of MYR14,020,178 (2021 – MYR11,817,244) relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be paid as follows:

	Group and Company	
	2022 MYR	2021 MYR
Within 1 year	**9,852,584**	7,746,756
More than 1 year and less than 2 years	**1,495,785**	1,594,967
More than 2 years and less than 5 years	**2,671,809**	2,475,521
	14,020,178	11,817,244

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Other payables	**128,771**	2,068,538	**125,810**	1,256,581
Accruals	**1,944,299**	1,583,496	**1,298,219**	1,377,239
Deposits received	**55,750**	52,513	**39,300**	7,250
	2,128,820	3,704,547	**1,463,329**	2,641,070

Included in other payables of the Group is amount due to corporate shareholders of the subsidiary companies amounting to MYR178,664 (2021 – MYR18,553).

25. REVENUE

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Revenue from construction contracts	**153,539,859**	148,089,061	**153,539,859**	147,759,651
Revenue from services rendered	**13,105,916**	6,520,513	**127,866**	-
Revenue from sale of goods	**20,118,719**	20,104,230	**20,118,719**	20,067,172
Total revenue from contracts with customers	**186,764,494**	174,713,804	**173,786,444**	167,826,823
Rental income	**238,016**	8,824	**-**	-
Total revenue	**187,002,510**	174,722,628	**173,786,444**	167,826,823
Timing of revenue:				
- at a point in time	**20,118,719**	20,104,230	**20,118,719**	20,067,172
- over time	**166,645,775**	154,609,574	**153,667,725**	147,759,651
Total revenue from contracts with customers	**186,764,494**	174,713,804	**173,786,444**	167,826,823
Primary geographical markets:				
- Malaysia	**185,456,372**	173,697,958	**173,786,444**	167,826,823
- Thailand	**1,308,122**	1,015,846	**-**	-
Total revenue from contracts with customers	**186,764,494**	174,713,804	**173,786,444**	167,826,823

26. OTHER INCOME

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Unwinding of discount on trade receivables	**483,573**	456,436	**483,573**	456,436
Gain on disposal of property, plant and equipment	**-**	55,999	**-**	55,999
Reversal of impairment loss no longer required (Note 36(c)(i))	**28,000**	482,500	**28,000**	482,500
Interest income	**517,026**	390,664	**464,690**	381,765
Rental income	**126,255**	47,700	**177,886**	47,700
Wages subsidy	**-**	12,000	**-**	-
Sundry income	**109,625**	368,328	**104,107**	230,168
Gain on forex exchange	**-**	1,768	**-**	-
Management fee	**-**	-	**-**	60,000
Bargain purchase gain on acquisition	**1,638,077**	-	**-**	-
	2,902,556	1,815,395	**1,258,256**	1,714,568

27. FINANCE COSTS

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Interest on bank factoring	**-**	40	**-**	40
Interest on bank overdraft	**648,153**	449,289	**630,723**	442,034
Interest on banker acceptance	**358,065**	-	**358,065**	-
Charges on letter of credit	**19,747**	-	**19,747**	-
Interest on revolving credit	**121,206**	-	**110,014**	-
Interest on term loans	**2,106,946**	1,734,292	**302,840**	264,792
Interest on trade finance	**370,603**	879,021	**365,071**	828,060
Interest on lease liabilities	**37,285**	53,004	**34,913**	46,276
Total interest expense	**3,662,005**	3,115,646	**1,821,373**	1,581,202
Unwinding of discount on trade payables	**170,485**	159,614	**170,485**	159,614
Total finance costs (Note 36(b))	**3,832,490**	3,275,260	**1,991,858**	1,740,816

28. PROFIT BEFORE TAXATION

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
This is arrived at after charging:				
Auditors' remuneration:				
- Kreston John & Gan				
- statutory audit	**156,500**	127,000	**100,000**	100,000
- other services	**13,000**	13,000	**13,000**	13,000
- other auditor	**35,601**	47,341	**-**	-
Depreciation:				
- property, plant and equipment (Note 4)	**3,534,178**	2,969,053	**343,345**	406,957
- investment properties (Note 5)	**292,867**	162,921	**250,620**	141,216
- right-of-use assets (Note 6)	**606,027**	526,238	**565,178**	486,638
Amortisation of intangible assets (Note 8)	**451,798**	-	**-**	-
Employee benefits expense (Note 29)	**18,600,891**	16,552,245	**15,538,656**	15,381,046
Impairment loss on trade receivables	**120,500**	400,000	**120,500**	400,000
Loss on disposal of right-of-use assets	**12,000**	-	**12,000**	-
Property, plant and equipment written off	**59,807**	38,195	**-**	4,747
Rental of equipment	**172,898**	158,985	**162,909**	128,985
Rental of premises	**278,500**	127,900	**99,100**	96,500

29. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Salaries, bonus, wages and allowances	**16,675,241**	14,794,700	**13,937,587**	13,753,404
Defined contribution plan	**1,753,974**	1,606,900	**1,464,111**	1,489,181
Social security cost	**154,289**	132,169	**123,074**	124,457
Employment Insurance System	**17,387**	18,476	**13,884**	14,004
	18,600,891	16,552,245	**15,538,656**	15,381,046

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments excluding benefits-in-kind, amounting to MYR3,182,088 (2021 – MYR3,163,114) respectively as disclosed in Note 30.

30. DIRECTORS' EMOLUMENTS

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group and Company	
	2022 MYR	2021 MYR
Executive directors		
Salaries and defined contribution plan	**2,701,440**	2,299,740
Bonus	**201,000**	585,000
Allowances	**276,000**	275,011
Social security cost	**3,340**	3,079
Employment Insurance System	**308**	284
Total executive directors' remuneration (excluding benefits-in-kind) (Note 29)	**3,182,088**	3,163,114
Estimated money value of benefits-in-kind	**41,000**	41,000
Total executive directors' remuneration (including benefits-in-kind)	**3,223,088**	3,204,114
Non-executive directors		
Fees	**450,000**	402,833
	3,673,088	3,606,947

31. INCOME TAX EXPENSE

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Malaysian income tax:				
- current year	**2,190,081**	3,350,000	**2,150,000**	3,350,000
- (over)/under provision in prior years	**(69,620)**	16,614	**(103,894)**	16,614
	2,120,461	3,366,614	**2,046,106**	3,366,614
Deferred taxation (Note 9):				
- current year	**-**	71,091	**-**	28,091
- under/(over) provision in prior years	**7,700**	(38,091)	**-**	21,909
	7,700	33,000	**-**	50,000
	2,128,161	3,399,614	**2,046,106**	3,416,614

Income tax is calculated at the Malaysian statutory tax rates of 24% (2021 – 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the subsidiary of the Group in Hong Kong and Thailand are 16.5% and 20% (2021 – 16.5% and 20%) respectively.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Applicable tax rate	**24**	24	**24**	24
Different tax rates in other countries	*****	*	**-**	-
Non-allowable expenses	**117**	22	**12**	15
Non-taxable income	**-**	(2)	**(1)**	
Utilisation of previously unrecognised tax credits	**(24)**	-	**-**	-
Temporary differences not recognised	**21**	4	**1**	-
(Over)/under provision of income tax in prior years	**(4)**	*	**(2)**	*
Under/(over) provision of deferred tax in prior years	*****	(1)	**-**	*
Effective tax rate	**134**	47	**34**	39

* Less than 1%

32. EARNINGS PER SHARE

Basic:

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2022	2021
Profit for the financial year attributable to ordinary owners of the Company (MYR)	**2,856,043**	4,071,868
Weighted average number of ordinary shares in issue (unit)	**1,800,871,381**	1,505,990,736
Basic earnings per share (sen)	**0.16**	0.27

Diluted:

Diluted earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by weighted average number of ordinary shares in issue during the financial year after adjustments for dilutive effects of all potential ordinary shares as follows:

	Group	
	2022	2021
Profit for the financial year attributable to ordinary owners of the Company (MYR)	**2,856,043**	4,071,868
Weighted average number of ordinary shares in issue (unit)	**1,800,871,381**	1,505,990,736
Adjusted for assumed exercise of private placements (unit)	**361,581,000**	83,080,000
Adjusted for assumed exercise of warrants of shares (unit)	**845,902,607**	845,902,607
	3,008,354,988	2,434,973,343
Diluted earnings per share (sen)	**0.09**	0.17

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes as follows:

	At 1 January	Net change in financing cash flows	Acquisition of new lease	Acquisition of new subsidiary companies	At 31 December
Group					
2022					
Term loans	**32,867,042**	**(14,155,197)**	**-**	**2,262,355**	**20,974,200**
Medium term notes	**-**	**19,950,000**	**-**	**-**	**19,950,000**
Other borrowings	**24,965,763**	**(2,265,162)**	**-**	**-**	**22,700,601**
Lease liabilities	**1,070,957**	**(525,166)**	**100,000**	**-**	**645,791**
	58,903,762	**3,004,475**	**100,000**	**2,262,355**	**64,270,592**
2021					
Term loans	5,431,182	6,930,423	-	20,505,437	32,867,042
Other borrowings	10,909,685	14,056,078	-	-	24,965,763
Lease liabilities	1,251,277	(380,320)	200,000	-	1,070,957
	17,592,144	20,606,181	200,000	20,505,437	58,903,762

	At 1 January	Net change in financing cash flows	Acquisition of new lease	At 31 December
Company				
2022				
Term loans	**6,044,829**	**(238,516)**	**-**	**5,806,313**
Other borrowings	**24,965,763**	**(4,165,162)**	**-**	**20,800,601**
Lease liabilities	**935,228**	**(501,023)**	**100,000**	**534,205**
	31,945,820	**(4,904,701)**	**100,000**	**27,141,119**
2021				
Term loans	4,648,766	1,396,063	-	6,044,829
Other borrowings	10,909,685	14,056,078	-	24,965,763
Lease liabilities	1,092,599	(357,371)	200,000	935,228
	16,651,050	15,094,770	200,000	31,945,820

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D.)

Cash outflows for leases as a lessee:

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Included in cash flows from operating activities:				
Payment relating to short-term leases	**278,500**	127,900	**99,100**	96,500
Payment relating to low-value assets	**172,898**	158,985	**162,909**	128,985
Interest paid in relation to lease liabilities	**37,285**	53,004	**34,913**	46,276
Included in cash flows from financing activities:				
Repayment of lease liabilities	**525,166**	380,320	**501,023**	357,371
	1,013,849	720,209	**797,945**	629,132

34. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Cash and bank balances	**12,652,711**	8,781,557	**2,330,075**	2,100,594
Bank overdraft (Note 21)	**(13,930,384)**	(10,285,972)	**(13,694,961)**	(9,825,958)
Deposits with licensed banks	**34,835,647**	35,577,583	**33,356,463**	35,103,888
	33,557,974	34,073,168	**21,991,577**	27,378,524
Less: Pledged deposits	**(33,436,824)**	(29,349,796)	**(32,240,006)**	(28,876,101)
	121,150	4,723,372	**(10,248,429)**	(1,497,577)

The currency exposure profiles of cash and cash equivalents are as follows:

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Ringgit Malaysia	**33,166,286**	32,488,177	**21,991,577**	27,378,524
Thai Baht	**299,236**	1,478,547	**-**	-
Hong Kong Dollar	**14,614**	21,931	**-**	-
Vietnamese Dong	**77,838**	84,513	**-**	-
	33,557,974	34,073,168	**21,991,577**	27,378,524

35. SEGMENT INFORMATION

Segmental information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

Mechanical and Electrical Engineering ("M&E") : Provision of mechanical and electrical engineering solutions
Sustainable Energy Solutions ("SES") : Provision of clean energy, renewable energy and energy efficient solutions

Other non-reportable segments comprise operations to subsidiary companies which are trading, investment holding and dormant.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Director. Segment total assets are used to measure the return of assets of each segment.

35. SEGMENT INFORMATION (CONT'D.)

a) Business segment

2022	M&E MYR	SES MYR	Non-reportable segments MYR	Total MYR	Eliminations MYR	Consolidated MYR
Revenue						
External customers	173,786,444	11,191,111	2,024,955	187,002,510	-	187,002,510
Inter-segment	-	5,958,515	-	5,958,515	(5,958,515)	-
	173,786,444	17,149,626	2,024,955	192,961,025	(5,958,515)	187,002,510
Results						
Interest income	464,689	1,169,599	37,787	1,672,075	(1,155,049)	517,026
Reversal of impairment loss on trade receivables no longer required	28,000	-	-	28,000	-	28,000
Impairment loss on trade receivables	(120,500)	-	-	(120,500)	-	(120,500)
Depreciation of property, plant and equipment	(343,345)	(3,173,820)	(17,013)	(3,534,178)	-	(3,534,178)
Depreciation of investment properties	(250,620)	-	(42,247)	(292,867)	-	(292,867)
Depreciation of right-of-use assets	(565,177)	(39,600)	(1,250)	(606,027)	-	(606,027)
Amortisation of intangible assets	-	(451,798)	-	(451,798)	-	(451,798)
Property, plant and equipment written off	-	-	(59,807)	(59,807)	-	(59,807)
Finance cost	(1,991,858)	(2,606,770)	(211,987)	(4,810,615)	978,125	(3,832,490)
Unwinding of discount on trade receivables	483,573	-	-	483,573	-	483,573
Taxation	(2,046,106)	(80,297)	(1,758)	(2,128,161)	-	(2,128,161)
Segment results	3,665,182	3,211,175	(5,214,815)	1,661,542	1,091,638	2,753,180
Assets						
Additions to non-current assets	2,879,835	6,664,975	2,355,110	11,899,920	(111,928)	11,787,992
Segment assets	249,211,223	98,795,386	31,909,760	379,916,369	(92,998,516)	286,917,853
Segment liabilities	107,487,456	92,847,131	34,195,516	234,530,103	(84,629,408)	149,900,695

35. SEGMENT INFORMATION (CONT'D.)

a) Business segment (Cont'd.)

2021	M&E MYR	SES MYR	Non-reportable segments MYR	Total MYR	Eliminations MYR	Consolidated MYR
Revenue						
External customers	167,826,823	6,785,781	110,024	174,722,628	-	174,722,628
Inter-segment	-	1,192,284	558,256	1,750,540	(1,750,540)	-
	167,826,823	7,978,065	668,280	176,473,168	(1,750,540)	174,722,628
Results						
Interest income	381,765	8,898	-	390,663	-	390,663
Unwinding of discount on trade receivables	456,436	-	-	456,436	-	456,436
Impairment loss on trade receivables	(400,000)	-	-	(400,000)	-	(400,000)
Reversal of impairment loss on trade receivables no longer required	482,500	-	-	482,500	-	482,500
Depreciation of property, plant and equipment	(406,957)	(2,281,301)	(280,795)	(2,969,053)	-	(2,969,053)
Depreciation of investment properties	(141,216)	-	(21,705)	(162,921)	-	(162,921)
Depreciation of right-of-use assets	(486,638)	(39,600)	-	(526,238)	-	(526,238)
Property, plant and equipment written off	(38,195)	-	-	(38,195)	-	(38,195)
Interest expenses	(1,740,816)	(1,534,444)	-	(3,275,260)	-	(3,275,260)
Taxation	(3,416,614)	17,000	-	(3,399,614)	-	(3,399,614)
Segment results	5,578,059	(775,202)	(1,694,415)	3,108,442	1,032,106	4,140,548
Assets						
Additions to non-current assets	10,938,997	18,691,205	808,297	30,438,499	-	30,438,499
Segment assets	228,011,040	52,658,704	29,106,162	309,775,906	(50,774,109)	259,001,797
Segment liabilities	99,740,583	49,322,214	30,813,853	179,876,651	(45,350,983)	134,525,668

35. SEGMENT INFORMATION (CONT'D.)

a) Business segment (Cont'd.)

Additions to non-current assets consist of:

	2022 MYR	2021 MYR
Property, plant and equipment	**8,623,661**	13,883,312
Investment properties	**2,503,817**	8,104,195
Right-of-use assets	**520,514**	466,817
Intangible assets	**140,000**	7,984,175
	11,787,992	30,438,499

b) Geographical information

Geographical information of revenue by location of customers is disclosed in Note 25.

Non-current assets information based on the geographical location of assets are as follows:

	Non-current assets	
	2022 MYR	2021 MYR
Malaysia	**70,439,414**	61,729,659
Thailand	**7,682,853**	7,785,682
	78,122,267	69,515,341

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2022 MYR	2021 MYR
Property, plant and equipment	**46,709,863**	41,066,985
Investment properties	**20,630,765**	17,402,243
Right-of-use assets	**2,127,241**	2,079,917
Intangible assets	**8,654,398**	8,966,196
	78,122,267	69,515,341

c) Information about a major customer

Revenue from one (2021 – one) major customer amount to MYR7,705,587 (2021 – MYR8,277,730), arising from sales by the M&E segment.

36. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

i) Financial assets measured at amortised cost ("FAAC");
ii) Financial assets measured at fair value through other comprehensive income ("FVTOCI"); and
iii) Financial liabilities measured at amortised cost ("FLAC").

Group	Carrying amount MYR	FAAC MYR	FVTOCI MYR	FLAC MYR
2022				
Financial assets				
Other investment	**5,678,950**	**-**	**5,678,950**	**-**
Trade receivables	**82,319,428**	**82,319,428**	**-**	**-**
Other receivables and deposits	**2,308,978**	**2,308,978**	**-**	**-**
Deposits with licensed banks	**34,835,647**	**34,835,647**	**-**	**-**
Cash and bank balances	**12,652,711**	**12,652,711**	**-**	**-**
	137,795,714	**132,116,764**	**5,678,950**	**-**
Financial liabilities				
Trade payables	**(58,328,577)**	**-**	**-**	**(58,328,577)**
Other payables and accruals	**(2,128,820)**	**-**	**-**	**(2,128,820)**
Borrowings	**(77,555,185)**	**-**	**-**	**(77,555,185)**
Lease liabilities	**(645,791)**	**-**	**-**	**(645,791)**
	(138,658,373)	**-**	**-**	**(138,658,373)**
2021				
Financial assets				
Trade receivables	75,637,581	75,637,581	-	-
Other receivables and deposits	3,466,606	3,466,606	-	-
Deposits with licensed banks	35,577,583	35,577,583	-	-
Cash and bank balances	8,781,557	8,781,557	-	-
	123,463,327	123,463,327	-	-
Financial liabilities				
Trade payables	(47,708,606)	-	-	(47,708,606)
Other payables and accruals	(3,704,547)	-	-	(3,704,547)
Borrowings	(68,118,777)	-	-	(68,118,777)
Lease liabilities	(1,070,957)	-	-	(1,070,957)
	(120,602,887)	-	-	(120,602,887)

36. FINANCIAL INSTRUMENTS (CONT'D.)

a) Categories of financial instruments (Cont'd.)

Company	Carrying amount MYR	FAAC MYR	FLAC MYR
2022			
Financial assets			
Trade receivables	**78,947,071**	**78,947,071**	**-**
Other receivables and deposits	**563,503**	**563,503**	**-**
Amount due from subsidiary companies	**45,595,415**	**45,595,415**	**-**
Deposits with licensed banks	**33,356,463**	**33,356,463**	**-**
Cash and bank balances	**2,330,075**	**2,330,075**	**-**
	160,792,527	**160,792,527**	**-**
Financial liabilities			
Trade payables	**(54,683,586)**	**-**	**(54,683,586)**
Other payables and accruals	**(1,463,329)**	**-**	**(1,463,329)**
Amount due to subsidiary companies	**(408,612)**	**-**	**(408,612)**
Borrowings	**(40,301,875)**	**-**	**(40,301,875)**
Lease liabilities	**(534,205)**	**-**	**(534,205)**
	(97,391,607)	**-**	**(97,391,607)**
2021			
Financial assets			
Trade receivables	74,752,817	74,752,817	-
Other receivables and deposits	652,581	652,581	-
Amount due from subsidiary companies	35,329,162	35,329,162	-
Deposits with licensed banks	35,103,888	35,103,888	-
Cash and bank balances	2,100,594	2,100,594	-
	147,939,042	147,939,042	-
Financial liabilities			
Trade payables	(42,200,991)	-	(42,200,991)
Other payables and accruals	(2,641,070)	-	(2,641,070)
Amount due to subsidiary companies	(321,114)	-	(321,114)
Borrowings	(40,836,550)	-	(40,836,550)
Lease liabilities	(935,228)	-	(935,228)
	(86,934,953)	-	(86,934,953)

36. FINANCIAL INSTRUMENTS (CONT'D.)

b) Gains and losses arising from financial instruments

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Net gains/(losses) on:				
Financial assets measured at amortised costs	**1,000,599**	847,100	**948,263**	838,201
Financial liabilities measured at amortised costs (Note 27)	**(3,832,490)**	(3,275,260)	**1,991,858**	(1,740,816)

c) Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and cash flow risk
- Market risk

i) Credit risk

Credit risk is the risk of a financial loss if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its receivables from customers and advances to subsidiary companies. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with high credit worthiness. The Group and the Company also have an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via the Group's and the Company's management reporting procedures.

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have significant concentration of credit risk in the form of outstanding balance of approximately MYR7,705,587 (2021 – MYR8,277,730) due from one (2021 – one) customer which represents 10% (2021 – 11%) of the total trade receivables of the Group and of the Company. However, the directors are of the opinion that these amounts outstanding are fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group and of the Company.

A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- A nominal amount of MYR27,913,639 (2021 – MYR5,313,260) relating to corporate guarantees provided by the Company to the banks on the subsidiary companies' bank borrowings.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment losses

The Group and the Company use an allowance matrix to measure the expected credit losses ("ECL") of trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd.)

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

Group	Contract assets MYR	Retention sum MYR	Trade receivables (excluding retention sum)					
			Within 1 year MYR	1 to 2 years MYR	2 to 3 years MYR	3 to 4 years MYR	>4 years MYR	Total MYR
2022								
Expected credit loss rate	**0.03%**	**0.03%**	**0.03%**	**0.08%**	**0.07%**	**0.28%**	**100%**	
Gross carrying amount	**68,386,501**	**22,060,099**	**55,856,813**	**4,106,590**	**183,897**	**-**	**112,029**	**150,705,929**
Expected credit loss	**19,887**	**6,488**	**18,024**	**3,443**	**129**	**-**	**112,029**	**160,000**
2021								
Expected credit loss rate	0.01%	0.01%	0.01%	0.03%	0.04%	0.03%	100%	
Gross carrying amount	60,950,861	22,672,437	52,640,600	48,003	11,464	212,969	52,108	136,588,442
Expected credit loss	6,337	2,357	6,608	15	5	70	52,108	67,500

Company	Contract assets MYR	Retention sum MYR	Trade receivables (excluding retention sum)					
			Within 1 year MYR	1 to 2 years MYR	2 to 3 years MYR	3 to 4 years MYR	>4 years MYR	Total MYR
2022								
Expected credit loss rate	**0.03%**	**0.03%**	**0.03%**	**0.08%**	**0.07%**	**0.28%**	**100%**	
Gross carrying amount	**67,620,880**	**22,060,099**	**52,484,456**	**4,106,590**	**183,897**	**-**	**112,029**	**146,567,951**
Expected credit loss	**19,887**	**6,488**	**18,024**	**3,443**	**129**	**-**	**112,029**	**160,000**
2021								
Expected credit loss rate	0.01%	0.01%	0.01%	0.03%	0.04%	0.03%	100%	
Gross carrying amount	60,950,861	22,672,437	51,755,836	48,003	11,464	212,969	52,108	135,703,678
Expected credit loss	6,337	2,357	6,608	15	5	70	52,108	67,500

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd.)

The movements in the allowance for impairment in respect of trade receivables during the financial year are as follows:

	Lifetime ECL MYR	Credit impaired MYR	Total MYR
Group and Company			
At 1 January 2021	150,000	-	150,000
Addition (Note 28)	400,000	-	400,000
Reversal of impairment loss on trade receivables no longer required (Note 26)	(482,500)	-	(482,500)
At 31 December 2021	67,500	-	67,500
Addition	**120,500**	**-**	**120,500**
Reversal of impairment loss on trade receivables no longer required (Note 26)	**(28,000)**	**-**	**(28,000)**
At 31 December 2022	**160,000**	**-**	**160,000**

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiary companies. The Company monitors the results of the subsidiary companies regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary companies are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiary companies.

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their 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 table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	On demand or within 1 year MYR	1 - 2 years MYR	2 – 5 years MYR	More than 5 years MYR	Total MYR
2022					
Financial liabilities					
Trade payables	**54,160,983**	**1,570,575**	**3,013,019**	**-**	**58,744,577**
Other payables and accruals	**2,128,820**	**-**	**-**	**-**	**2,128,820**
Borrowings	**43,930,932**	**3,311,444**	**13,827,444**	**5,180,901**	**66,250,721**
Lease liabilities	**303,475**	**222,716**	**158,812**	**-**	**685,003**
	100,524,210	**5,104,735**	**16,999,275**	**5,180,901**	**127,809,121**
2021					
Financial liabilities					
Trade payables	43,638,118	1,674,716	2,758,973	-	48,071,807
Other payables and accruals	3,704,547	-	-	-	3,704,547
Borrowings	61,668,619	1,874,111	4,168,042	7,260,943	74,971,715
Lease liabilities	415,361	325,506	408,112	2,396	1,151,375
	109,426,645	3,874,333	7,335,127	7,263,339	127,899,444

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

Company	On demand or within 1 year MYR	1 - 2 years MYR	2 – 5 years MYR	More than 5 years MYR	Total MYR
2022					
Financial liabilities					
Trade payables	**50,515,992**	**1,570,575**	**3,013,019**	**-**	**55,099,586**
Other payables and accruals	**1,463,329**	**-**	**-**	**-**	**1,463,329**
Amount due to subsidiary companies	**408,612**	**-**	**-**	**-**	**408,612**
Borrowings	**35,356,395**	**861,175**	**3,200,071**	**3,690,547**	**43,108,188**
Lease liabilities	**273,799**	**193,040**	**97,063**	**-**	**563,902**
Financial guarantee*	**27,913,639**	**-**	**-**	**-**	**27,913,639**
	115,931,766	**2,624,790**	**6,310,153**	**3,690,547**	**128,557,256**
2021					
Financial liabilities					
Trade payables	38,130,503	1,674,716	2,758,973	-	42,564,192
Other payables and accruals	2,641,070	-	-	-	2,641,070
Amount due to subsidiary companies	321,114	-	-	-	321,114
Borrowings	35,576,664	1,334,203	3,267,430	3,827,520	44,005,817
Lease liabilities	385,685	295,830	319,084	-	1,000,599
Financial guarantee*	24,872,158	-	-	-	24,872,158
	101,927,194	3,304,749	6,345,487	3,827,520	115,404,950

* Based on the maximum amount that can be called for under the financial guarantee contract.

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest/expense rates and other prices that will affect the Group's and the Company's financial position or cash flows.

Foreign exchange rate risk

The Group and the Company have minimal exposure to foreign currency risk as the sales and purchases of the Group and the Company are denominated in the respective functional currency of Group entities.

Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest/expense rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term investments such as deposits with licensed banks are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

Group	2022 MYR	Interest rate %	2021 MYR	Interest rate %
Fixed rate instruments				
Lease liabilities	**645,791**	**3.77 – 4.84**	1,070,957	3.77 – 4.57
Borrowings	**19,950,000**	**4.25 - 5.75**	-	-
Floating rate instruments				
Borrowings	**57,605,185**	**3.70 – 7.57**	68,118,777	2.07 – 3.65

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Interest rate risk (Cont'd.)

Exposure to interest rate risk (Cont'd.)

Company	2022 MYR	Interest rate %	2021 MYR	Interest rate %
Fixed rate instruments				
Lease liabilities	**534,205**	**3.77 – 4.84**	(935,228)	3.77 – 4.57
Floating rate instruments				
Borrowings	**40,301,875**	**3.70 – 7.57**	40,836,550	2.07 – 3.65

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been MYR23,300 and MYR11,665 (2021 – MYR7,500 and MYR7,300) respectively higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

36. FINANCIAL INSTRUMENTS (CONT'D.)

d) Fair value information

The carrying amounts of deposits with licensed banks, cash and bank balances, trade and other receivables and deposits, trade and other payables and accruals, and floating rate borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value MYR	Carrying amount MYR
	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR		
2022										
Financial assets										
Other investment	**-**	**-**	**5,678,950**	**5,678,950**	**-**	**-**	**-**	**-**	**5,678,950**	**5,678,950**
Financial liabilities										
Medium term notes	**-**	**-**	**-**	**-**	**-**	**-**	**24,521,459**	**24,521,459**	**24,521,459**	**19,950,000**
Lease liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**644,690**	**644,690**	**644,690**	**645,791**
2021										
Financial liabilities										
Lease liabilities	-	-	-	-	-	-	1,040,161	1,040,161	1,040,161	1,070,957

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value MYR	Carrying amount MYR
	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR		
2022										
Financial liabilities										
Lease liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**533,563**	**533,563**	**533,563**	**534,205**
2021										
Financial liabilities										
Lease liabilities	-	-	-	-	-	-	911,654	911,654	911,654	935,228

36. FINANCIAL INSTRUMENTS (CONT'D.)

d) Fair value information (Cont'd.)

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2021 - no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following shows the valuation techniques used in the determination of fair values within Level 3 for financial instruments not carried at fair value, as well as the key unobservable inputs used in the valuation models.

Type	Description of valuation technique and inputs used
Other investment	At cost, which represents the best estimate of fair value, as there is insufficient more recent information available to measure fair value.
Lease liabilities and fixed rate borrowings	Discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.
Financial guarantee contracts	Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions: - The likelihood of the guaranteed party defaulting within the guaranteed period; - The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; - The estimated loss exposure if the party guaranteed were to default.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its businesses and maximise shareholders' value. The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group and the Company manage their capital based on finance-to-equity ratio. The finance-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity. The Group's policy is to keep the finance-to-equity ratio below 2.5 times.

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Total borrowings	**77,555,185**	68,118,777	**40,301,875**	40,836,550
Total lease liabilities	**645,791**	1,070,957	**534,205**	935,228
Total financing	**78,200,976**	69,189,734	**40,836,080**	41,771,778
Total equity	**137,017,158**	124,476,129	**141,723,639**	128,270,457
Finance-to-equity ratio	**0.57**	0.56	**0.29**	0.33

There was no change in the Group's and the Company's approach to capital management during the financial year.

38. CAPITAL COMMITMENT

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Authorised and contracted for:				
- Property, plant and equipment	**399,520**	5,987,327	**-**	-
- Investment properties	**101,161**	197,429	**101,161**	197,429
	500,681	6,184,756	**101,161**	197,429

39. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Group and of the Company, and certain members of the senior management of the Group and of the Company.

39. RELATED PARTIES (CONT'D.)

Significant related party transactions

Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Notes 15 and 24.

	Group	
	2022 MYR	2021 MYR
Transactions with corporate shareholders		
YL Global Ventures Sdn. Bhd.		
- Advances from corporate shareholder	**150,000**	-
Kejuruteraan Bintai Kindenko Sdn. Bhd.		
- Advances from corporate shareholder	**4,000**	-
Evergreen Thumbsup Sdn. Bhd.		
- Advances from corporate shareholder	**6,111**	18,553

	Group	
	2022 MYR	2021 MYR
Transactions with subsidiary companies		
KAB Technologies Sdn. Bhd.		
- Sub-Contract Cost	**-**	(1,178,348)
- Management fee	**-**	60,000
Signature Management Sdn. Bhd.		
- Management fee	**297,960**	-

Compensation of key management personnel

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Short-term employee benefits	**4,105,352**	3,704,291	**3,633,598**	3,373,143
Defined contribution plan	**413,791**	368,178	**369,871**	332,622
Benefits-in-kind	**45,000**	41,000	**41,000**	41,000
	4,564,143	4,113,469	**4,044,469**	3,746,765

Included in key management personnels compensation is directors' emoluments as disclosed in Note 30.

40. COMPARATIVES

a) On 25 October 2021, the Company has completed the acquisition of the 100% equity interest in Dynagen Power (M) Sdn. Bhd., an unlisted limited liability company incorporated in Malaysia and principally involved in the operation of generation facilities that produce electric energy and transmission, distribution and sales of electricity. The Group had undertaken a purchase price allocation ("PPA") exercise. The goodwill on acquisition was then provisionally estimated in the previous financial year at MYR6,584,562 and included in the consolidated statement of financial position. As permitted by MFRS 3: Business Combinations, the provisional goodwill estimated in the previous financial year was reviewed during the financial year, and the final purchase price allocation was determined after completion of a final analysis. The identifiable assets at fair value have been revised as at the date of acquisition, and goodwill arising from this business combination has been revised to MYR2,794,118. This revision is accounted for retrospectively.

b) Progress billings paid on investment properties was reclassified from deposits to capital work-in-progress under investment properties.

As a result of the above, certain comparative amounts as at 31 December 2021 have been adjusted and disclosed below:

	As at 31.12.2021 MYR	Effects of finalisation of PPA (Note a) MYR	Reclassification (Note b) MYR	As at 31.12.2021 (Restated) MYR
Group				
Assets				
Non-Current Assets				
Property, plant and equipment	**41,066,985**			**41,066,985**
Investment properties	**11,037,372**		**6,364,871**	**17,402,243**
Right-of-use assets	**2,079,917**			**2,079,917**
Intangible assets	**8,326,565**	**639,631**		**8,966,196**
Deferred tax assets	**129,026**			**129,026**
Trade receivables	**11,065,333**			**11,065,333**
	73,705,198			**80,709,700**
Current Assets				
Inventories	**890,746**			**890,746**
Trade receivables	**64,572,248**			**64,572,248**
Contract assets	**60,950,861**			**60,950,861**
Other receivables, deposits and prepayments	**13,883,973**		**(6,364,871)**	**7,519,102**
Deposits with licensed banks	**35,577,583**			**35,577,583**
Cash and bank balances	**8,781,557**			**8,781,557**
	184,656,968			**178,292,097**
Total Assets	**258,362,166**			**259,001,797**

40. COMPARATIVES (CONT'D.)

	As at 31.12.2021 MYR	Effects of finalisation of PPA (Note a) MYR	Reclassification (Note b) MYR	As at 31.12.2021 (Restated) MYR
Equity and Liabilities				
Equity Attributable to Owners of the Company				
Share capital	93,809,253			93,809,253
Foreign currency translation reserves	33,130			33,130
Treasury shares	(4,231)			(4,231)
Retained profits	30,853,175	(457,187)		30,395,988
	124,691,327			124,234,140
Non-controlling interest	241,989			241,989
Total Equity	124,933,316			124,476,129
Non-Current Liabilities				
Borrowings	29,247,908			29,247,908
Lease liabilities	696,118			696,118
Deferred tax liabilities	43,000	1,096,818		1,139,818
Trade payables	4,070,488			4,070,488
	34,057,514			35,154,332
Current Liabilities				
Trade payables	43,638,118			43,638,118
Contract liabilities	11,797,295			11,797,295
Other payables and accruals	3,704,547			3,704,547
Borrowings	38,870,869			38,870,869
Lease liabilities	374,839			374,839
Current tax liabilities	985,668			985,668
	99,371,336			99,371,336
Total Liabilities	133,428,850			134,525,668
Total Equity and Liabilities	258,362,166			259,001,797

40. COMPARATIVES (CONT'D.)

	As at 31.12.2021 MYR	Reclassification (Note b) MYR	As at 31.12.2021 (Restated) MYR
Company			
Assets			
Non-Current Assets			
Property, plant and equipment	4,519,078		4,519,078
Investment properties	9,165,650	3,255,124	12,420,774
Right-of-use assets	1,964,417		1,964,417
Investment in subsidiary companies	147,841		147,841
Deferred tax assets	69,026		69,026
Trade receivables	11,065,333		11,065,333
	26,931,345		30,186,469
Current Assets			
Trade receivables	63,687,484		63,687,484
Contract assets	60,950,861		60,950,861
Other receivables, deposits and prepayments	3,907,705	(3,255,124)	652,581
Amount due from subsidiary companies	35,329,162		35,329,162
Deposits with licensed banks	35,103,888		35,103,888
Cash and bank balances	2,100,594		2,100,594
	201,079,694		197,824,570
Total Assets	228,011,039		228,011,039

41. SIGNIFICANT EVENTS

(i) Proposed Acquisition of PT Inpola Mitra Elektrindo ("PTIME") from Sarawak Cable Berhad ("SCB") ("Proposed Acquisition of PTIME")

On 19 January 2022, KAB Energy Holdings Sdn. Bhd. ("KABEH") had entered into a term sheet with SCB to acquire 300,000 ordinary shares in PTIME, representing 100% of the total paid-up capital in PTIME.

On 29 July 2022, KABEH entered into a conditional share purchase agreement ("CSPA") with SCB and 3 individuals for the proposed acquisition for a cash consideration of MYR10,000. In addition, KABEH will facilitate the settlement of debts, liabilities and shareholders' advances of PTIME capped at MYR74.99 million.

On 17 October 2022, Kenanga Investment Bank Berhad ("Kenanga IB") had announced on behalf of the Board that the Company received a letter dated 13 October 2022 from SCB, notifying KAB that SCB had obtained a restraining order in the High Court of Kuching ("Court") pursuant to Section 368 of the Companies Act, 2016 in Malaysia ("Restraining Order"). In the said letter, SCB informed that it would be unable to proceed with the fulfilment of conditions precedent and pre-handover issues of the CSPA during the period of the Restraining Order. SCB also stated in the letter that it would notify KAB when the Restraining Order is lifted by the Court. On 10 February 2023, SCB informed that leave was obtained from the Court.

On 14 December 2022, Bursa Malaysia Securities Berhad ("Bursa Securities") granted the approval for an extension of time until 15 April 2023 to issue the circular in relation to the proposed acquisition.

On 27 April 2023, shareholders' approval was obtained at Extraordinary General Meeting ("EGM") to proceed with the Proposed Acquisition of PTIME.

As at the date of this report, both Parties are in the midst of fulfilling the conditions precedent.

(ii) Multi-Currency Islamic Medium Term Note Programme of up to MYR500 million ("Sukuk Murabahah")

On 31 January 2022, the Group had completed the maiden issuance of Sukuk Murabahah of MYR19.95 million. The proceeds were utilised to advance to its subsidiaries to refinance its existing loan and to fund the minimum balance and build-up requirement in the designated bank accounts, for an amount up to MYR19.95 million ("Tranche 1 Sukuk Murabahah").

(iii) Proposed Acquisition of Matahari Suria Sdn. Bhd. ("MSSB") from Unique Forging & Components Sdn. Bhd. ("UFC") ("Proposed Acquisition of MSSB")

On 18 August 2022, KABEH had entered into a Share Sale Agreement with UFC to acquire 1,000,000 ordinary shares in MSSB, representing 100% of the total paid-up capital in MSSB, for a cash consideration of MYR5.30 million.

As at the date of this report, both Parties are in the midst of fulfilling the relevant conditions precedent.

41. SIGNIFICANT EVENTS (CONT'D.)

(iv) Proposed Diversification

On 7 September 2022, Kenanga IB announced on behalf of the Board that the Company proposed to undertake a diversification of the business of KAB and its subsidiaries to include the provision of sustainable energy solution.

The shareholders of the Company had approved the Proposed Diversification at an EGM of the Company held on 17 November 2022.

(v) Proposed Acquisition of Future Biomass Gasification Sdn. Bhd. ("FBG") from Future NRG Sdn. Bhd. ("FNSB") ("Proposed Acquisition of FBG")

On 9 November 2022, KABEH had entered into a term sheet with FNSB to acquire 380,000 ordinary shares in FBG, representing 100% of the total paid-up capital in FBG.

On 16 January 2023, KABEH entered into a Sale and Purchase of Shares Agreement ("SPA") with FNSB for a total consideration of MYR15 million.

As at the date of this report, both Parties are the midst of fulfilling condition precedent of the SPA.

42. EVENT AFTER THE REPORTING PERIOD

Joint Venture with PETRONAS Gas Berhad ("PGB") in Sipitang Utilities Sdn. Bhd. ("SUSB", formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd.).

On 12 January 2023, KABEH had signed a Share Sales and Purchase Agreement with PGB to acquire 10% stake in SUSB, a wholly-owned subsidiary of PGB for a total consideration of MYR2,080 and the transaction was completed on 21 February 2023.

KABEH had also signed a Shareholders Agreement with PGB to assume the role of technical partner in the joint venture with PGB, to co-own and undertake MYR230 million power plant project in Sabah, which will be the sole energy supplier to PETRONAS nearshore floating liquified natural gas facility.

Statement by Directors

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

We, Dato' Lai Keng Onn and Goh Kok Boon, being two of the directors of Kejuruteraan Asastera Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 123 to 211 are drawn up in accordance with 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 state of affairs of the Group and of the Company at 31 December 2022 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

Dato' Lai Keng Onn

Goh Kok Boon

Kuala Lumpur,
Date : 27 April 2023

Statutory Declaration

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

I, Hoon Siew Yen, MIA No. 9913 , being the officer primarily responsible for the financial management of Kejuruteraan Asastera Berhad, do solemnly and sincerely declare that the financial statements set out on pages 123 to 211, to the best of my knowledge and belief, 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 at Kuala Lumpur this 27 April 2023.

Hoon Siew Yen
(MIA No. 9913)

Before me

Commissioner for Oaths

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/Valuation (V)	Audited Net Book Value As At 31.12.2022 (MYR)
PM 8456, Lot 101280, Mukim of Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Property address:** No.18, Jalan Radin Bagus, 9, Bandar Baru Seri Petaling, 57000 Kuala Lumpur.	Three-storey shop office currently used as our Company's headquarters	N/A/190	8	99-year leasehold, expiring on 5 April 2110 (i.e. remaining tenure of approximately 87 years as at Dec'22)	23 Mar 2017 (V)	3,341,619
HSD 13198, PT 8891, Mukim Kajang, Daerah Ulu Langat, Negeri Selangor **Property address:** No. 86, Jalan Taming 5, Taming Jaya Industrial Park, 43300 Balakong, Selangor Darul Ehsan.	One and half storey terrace factory as warehouse	N/A/222.96	27	Freehold	28 April 2017 (V)	1,152,666
GRN 190203, Lot 128236, Mukim Klang, Daerah Klang, Negeri Selangor **Property address:** Lot No.19 Gravit 8, PT 128236, Kota Bayu Emas/KS9, 42000 Pel. Klang, Selangor Darul Ehsan.	Three storey Shop Office	N/A/153	6	Freehold	9 September 2021 (V)	1,345,538
GRN Mukim 283, Lot 1098, Tempat Batu 8, Jalan Kuala Lumpur, Mukim Cheras, Daerah Hulu Langat, Negeri Selangor **Property address:** B-19-07 Green Residence Condo, Jalan Sayang 1, Taman Rasa Sayang, 43200 Batu 9 Cheras, Selangor Darul Ehsan.	Residential	N/A/144.65	6	Freehold	7 September 2021 (V)	707,740

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/Valuation (V)	Audited Net Book Value As At 31.12.2022 (MYR)
HSD 156027, PT 148718, Mukim Klang, Daerah Klang, Negeri Selangor **Property address:** A1-28-11, Blok A1, Gravit 8, Jalan Bayu Laut/KS9, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan.	Residential	N/A/59	5	Freehold	13 June 2016 (A)	322,015
PN 62395, Lot 57417, Mukim of Bukit Raja, Daerah Petaling, Negeri Selangor	Vacant land held for development	6,015	Not applicable	99-year leasehold, expiring on 3 December 2105 (i.e. remaining tenure of approximately 82 years as at Dec'22)	1 July 2021 (V)	3,259,686
Geran 321056, Lot 72023 (formely held under HS(D) 287224, PT 25), Pekan Country Height, Daerah Petaling, Negeri Selangor **Property address:** A-13-13, Residensi Paisley, Jalan MP 1 Tropicana Metropark, 47500 Subang Jaya, Selangor Darul Ehsan.	Residential	N/A/90.3	1	Freehold	27 February 2019 (A)	684,418
Geran 78870 Lot 480726, Mukum Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Property address:** J-29-16, Ekocheras Service Apartment, No.693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur.	Residential	N/A/70.8	2	Freehold	5 May 2021 (A)	572,891

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/Valuation (V)	Audited Net Book Value As At 31.12.2022 (MYR)
Geran 78870, Lot 480726, Mukum Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Property address:** J-29-06, Ekocheras Service Apartment, No.693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur.	Residential	N/A/70.8	2	Freehold	5 May 2021 (A)	572,891
GRN 317216, Lot 91995 (formerly HS(D) 112756, PT 1424), Mukim Damansara, Daerah Petaling, Negeri Selangor **Property address:** D-10-33, H2O Ara Damansara, No.1, Jalan PJU 1/3, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan.	Residential	N/A/93.7	2	Freehold	21 July 2021 (A)	688,072
Geran 78870, Lot 480726, Mukum Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Property address:** J-20-09, Ekocheras Service Apartment, No.693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur.	Residential	N/A/70.8	2	Freehold	26 October 2021 (A)	552,354
Hakmilik Pajakan Mukim 6395, Lot 18152 Section 2 in the Town of Ulu Kelang, District of Gombak, State of Selangor **Property address:** A-33A-06, Block A, Residensi Xtreme Meridian, Jalan Bemban, Ampang, Selangor, 55000 Kuala Lumpur.	Residential	N/A/68.3	2	99-year leasehold, expiring on 25 January 2094 (i.e. remaining tenure of approximately 71 years as at Dec'22)	10 December 2021 (A)	605,884

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/Valuation (V)	Audited Net Book Value As At 31.12.2022 (MYR)
Hakmilik Pajakan Mukim 6395, Lot 18152 Section 2 in the Town of Ulu Kelang, District of Gombak, State of Selangor **Property address:** A-36-06, Block A, Residensi Xtreme Meridian, Jalan Bemban, Ampang, Selangor, 55000 Kuala Lumpur.	Residential	N/A/68.3	2	99-year leasehold, expiring on 25 January 2094 (i.e. remaining tenure of approximately 71 years as at Dec'22)	10 December 2021 (A)	609,404
GM 105, Lot 274, Mukim Ampang, Tempat Batu 4 Ampang Road, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Property address:** B-09-13, The Elements, No.5, Jalan Bemban Ampang, Off Jalan Ampang, 55000 Kuala Lumpur.	Residential	N/A/146	2	Freehold	10 December 2021 (A)	902,003
Geran 78870, Lot 480726, Mukum Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Property address:** E-31-01, Ekocheras Service Apartment, No.693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur.	Residential	N/A/115	1	Freehold	17 January 2022 (A)	846,123
Geran 78870, Lot 480726, Mukum Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Property address:** H-20-10, Ekocheras Service Apartment, No.693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur.	Residential	N/A/108	1	Freehold	2 February 2022 (A)	787,310

List of Properties

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/Valuation (V)	Audited Net Book Value As At 31.12.2022 (MYR)
Geran 78870, Lot 480726, Mukum Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur **Property address:** H-30-05, Ekocheras Service Apartment, No. 693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur.	Residential	N/A/71	1	Freehold	2 February 2022 (A)	556,898
Geran 333002/M1/2/53 Mukim Klang, Daerah Klang, Negeri Selangor **Property address:** L1-07, Gravit 8, Jalan Bayu Laut/KS9, Kota Bayumas, 41200 Klang, Selangor.	Residential	N/A/282	1	Freehold	02 February 2022 (A)	1,715,481
PT 357, HSD 185508, Pekan Sungai Besi, District of Petaling, Selangor Darul Ehsan. **Property address:** No. 12A, Jalan Dagang SB 4/1 Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor.	Four storey shop office	N/A/164	1	99-year leasehold, expiring on 28 May 2102 (i.e. remaining tenure of approximately 80 years as at Dec'22)	20 Feb 2020 (V)	1,013,193
PT 357, HSD 185509, Pekan Sungai Besi, District of Petaling, Selangor Darul Ehsan. **Property address:** No. 12, Jalan Dagang SB 4/1 Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor.	Four storey shop office	N/A/164	1	99-year leasehold, expiring on 28 May 2102 (i.e. remaining tenure of approximately 80 years as at Dec'22)	19 Mar 2010 (A)	1,013,193

Shareholdings Statistics

As at 5 April 2023

ANALYSIS OF SHAREHOLDINGS AS AT 05 APRIL 2023

Total number Issued Shares as at 5 April 2023	: 1,807,994,669 ordinary shares
Treasury Shares as at 5 April 2023	: 88,898 ordinary shares
Adjusted Capital (after netting treasury shares as at 5 April 2023)	: 1,807,905,771 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS PER RECORD OF DEPOSITORS AS AT 5 APRIL 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	564	12.89	19,018	0.00
100 – 1,000	394	9.00	200,853	0.01
1,001 - 10,000	1,613	36.85	9,667,718	0.53
10,001 – 100,000	1,382	31.57	49,744,391	2.75
100,001 – 90,395,288*	421	9.62	1,212,746,825	67.08
90,395,288 and above**	3	0.07	535,526,966	29.62
TOTAL	**4,377**	**100.00**	**1,807,905,771**	**100.00**

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2023

The substantial shareholders based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

Name of Shareholders	Nationality/ Incorporated in	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Dato' Lai Keng Onn	Malaysian	432,379,600	23.92	186,300,000[1]	10.31
Stocqtech Sdn. Bhd.	Malaysia	162,900,000	9.00	-	-
Kington Tong Kum Loong	Malaysian	357,395,148	19.77	6,485,003[2]	0.36

Notes:-

(1) Deemed interest through shares held by Fastrans Venture Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Act.

(2) Deemed interest through shares held by Regalis Investment Ltd pursuant to Section 8 of the Act.

DIRECTORS' SHAREHOLDINGS AS AT 5 APRIL 2023

The Directors' shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

Name of Directors	Nationality	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Datuk Dr. Ong Peng Su	Malaysian	-	-	-	-
Dato' Lai Keng Onn	Malaysian	432,379,600	23.92	186,300,000[1]	10.31
Choong Gaik Seng	Malaysian	3,318,800	0.18	-	-
Datin Chan Pey Kheng	Malaysian	9,414,709	0.71	-	-
Goh Kok Boon	Malaysian	1,354,050	0.08	-	-
Lu Chee Leong	Malaysian	-	-	-	-
Tong Siut Moi	Malaysian	-	-	-	-

Notes:-

(1) Deemed interest through shares held by Fastrans Venture Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Act.

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 APRIL 2023 (ORDINARY SHARES)

No.	Name	No of Shares Beneficially Held	%
1.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MGN-LKO0003M)	191,827,500	10.61
2.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	180,799,466	10.00
3.	Stocqtech Sdn. Bhd.	162,900,000	9.01
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Dato' Lai Keng Onn (PB)	63,405,000	3.51
5.	HSBC Nominees (Asing) Sdn. Bhd. Societe Generale Paris	57,824,760	3.20
6.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	48,994,000	2.71
7.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MGN-LKO0002M)	46,230,534	2.56
8.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	36,682,500	2.03
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Koon Poh Kong (PB)	36,000,000	1.99
10.	AMSEC Nominees (Tempatan) Sdn. Bhd. Ambank (M) Berhad	34,802,000	1.92
11.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (MY3648)	32,754,523	1.81

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 APRIL 2023 (ORDINARY SHARES)

No.	Name	No of Shares Beneficially Held	%
12.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun (PJCAC 328903)	32,594,400	1.80
13.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	32,000,000	1.77
14.	Kington Tong Kum Loong	29,035,082	1.61
15.	GAT Success (M) Sdn. Bhd.	27,040,000	1.50
16.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	27,000,000	1.49
17.	Amanah Warisan Berhad	26,500,000	1.47
18.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Deutsche Bank AG Singapore (Maybank SG PWM)	24,000,000	1.33
19.	Fastrans Ventures Sdn. Bhd.	23,400,000	1.29
20.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (E-SS2)	22,700,000	1.26
21.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	22,050,000	1.22
22.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiau Haw Choon (7009581)	19,000,000	1.05
23.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Eng Sia	18,394,477	1.02
24.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MY3685)	17,700,000	0.98
25.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	17,000,000	0.94
26.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN for Bank of Singapore Limited (Foreign)	16,630,063	0.92
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Loi Chee Fong (MY4320)	16,545,500	0.92
28.	Lee Sook Ching	16,474,000	0.91
29.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Chen Foong (MY1718)	16,300,000	0.90
30.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	15,887,543	0.88
	TOTAL	**1,312,471,348**	**72.60**

ANALYSIS OF WARRANTS HOLDINGS AS AT 05 APRIL 2023

No. of Warrants issued : 845,902,607
Exercise price per warrant : MYR1.20
Expiry date : 29 April 2024

DISTRIBUTION OF WARRANT HOLDERS AS PER RECORD OF DEPOSITORS AS AT 5 APRIL 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	615	12.30	16,785	0.00
100 – 1,000	323	6.46	160,067	0.02
1,001 - 10,000	1,148	22.96	6,665,920	0.79
10,001 – 100,000	1,898	37.96	82,043,455	9.70
100,001 – 42,295,129*	1,015	20.30	700,935,380	82.86
42,295,130 and above**	1	0.02	56,081,000	6.63
TOTAL	**5,365**	**100.00**	**845,902,607**	**100.00**

* Less than 5% of Issued Holdings
** 5% and above of Issued Holdings

DIRECTORS' WARRANT HOLDINGS AS AT 5 APRIL 2023

Name of Shareholders	Nationality/ Incorporated in	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Datuk Dr. Ong Peng Su	Malaysian	-	-	-	-
Dato' Lai Keng Onn	Malaysian	41,348,800	4.89	11,700,000(1)	1.38
Choong Gaik Seng	Malaysian	-	-	-	-
Datin Chan Pey Kheng	Malaysian	4,707,354	0.55	-	-
Goh Kok Boon	Malaysian	677,025	0.08	-	-
Lu Chee Leong	Malaysian	-	-	-	-
Tong Siut Moi	Malaysian	-	-	-	-

Notes:-
(1) Deemed interest through shares held by Fastrans Venture Sdn. Bhd. pursuant to Section 8 of the Act.

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 5 APRIL 2023 (WARRANTS)

No.	Name	No. of Warrant Beneficially Held	%
1.	Lotus Win Sdn. Bhd.	56,081,000	6.63
2.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Dato' Lai Keng Onn (PB)	31,702,500	3.75
3.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun (PJCAC 328903)	20,948,200	2.48
4.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (MY3648)	17,932,061	2.12
5.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	13,162,700	1.56
6.	Fastrans Ventures Sdn. Bhd.	11,700,000	1.38
7.	Ng Soon Tong	9,714,900	1.15
8.	Koon Hoi Chun	9,500,820	1.12
9.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sim Ah Seng	8,053,120	0.95
10.	M&A Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Chee Hong (M&A)	7,500,000	0.89
11.	Koh Chee Yong	7,000,400	0.83
12.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Weng Fui (MY3499)	6,993,636	0.83
13.	Chong Mee Sin	6,900,000	0.82
14.	Lee Siew Yong	6,700,000	0.79
15.	HSBC Nominees (Asing) Sdn. Bhd. Societe Generale Paris	6,012,760	0.71
16.	Khairul Azuan Bin Othman	5,862,500	0.69
17.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MY3685)	5,850,000	0.69
18.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mok E. King	5,500,000	0.65
19.	Sim Ah Yoke	5,232,400	0.62
20.	Nik Joharris Bin Nik Ahmad	5,000,000	0.59
21.	Tang Kie Hung	4,721,900	0.56
22.	Tan Soon Chong	4,719,400	0.56
23.	Low Pek Kok	4,500,000	0.53
24.	Tan Hong Huat	4,315,000	0.51
25.	Lee Beng Choo	4,219,200	0.50
26.	Mohamad Nor Hisham Bin Jabiri @ Jufri	4,102,700	0.49
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun (MY3799)	4,100,000	0.48
28.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeow Kuei Chai (YEO1052M)	3,800,000	0.45
29.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	3,796,300	0.45
30.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Soon Chong	3,500,000	0.41
	TOTAL	**289,121,417**	**34.18**

Notice of
Fully Virtual Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting ("26th AGM") of Kejuruteraan Asastera Berhad ("KAB" or "the Company") will be held on a fully virtual basis vide Online Meeting Platform hosted on Securities Services e-Portal at https://sshsb.net.my/ on Tuesday, 30 May 2023 at 9:30 a.m., or at any adjournment thereof, for the following purposes:-

Day, Date and Time	**Tuesday, 30 May 2023 at 9:30 a.m.**
Online Meeting Platform	Securities Services e-Portal at https://sshsb.net.my/ (Domain Registration No. with MyNIC Berhad: D4A004360)
Meeting Title	**KEJURUTERAAN ASASTERA BERHAD 26TH VIRTUAL AGM**
Mode of Communication	**Prior to the AGM:-** (1) Submit questions to the Board prior to the AGM by writing/emailing to kabinvestor@asastera.com, **no later than 9:30 a.m. on Tuesday, 30 May 2023.** **During the AGM:-** ***Primary Mode of Communication*** (2) Pose questions to the Board vide real-time submission of typed texts at https://sshsb.net.my/ during the live streaming of the AGM. ***Alternative Mode of Communication*** (3) In the event of any technical glitch affecting the Primary Mode of Communication, Members and/or proxies may email their questions to eservices@sshsb.com.my during the Meeting. Dedicated personnel will be monitoring this email address and forward your enquiries to the Chairman of the AGM accordingly.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. — ***Please refer to Explanatory Note 1***

2. To approve the payment of Directors' fees payable to the Directors of the Company amounting to MYR550,000.00/- for the financial year ending 31 December 2023. — **Resolution 1**

3. To re-elect the following Directors who are retiring in accordance with Clause 76(3) of the Company's Constitution, and being eligible, have offered themselves for re-election:-
   (a) Dato' Lai Keng Onn; and — **Resolution 2**
   (b) Ms. Tong Siut Moi. — **Resolution 3**

4. To re-appoint Messrs. Kreston John & Gan as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to determine their remuneration. — **Resolution 4**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions as Ordinary Resolution:-

5. **Ordinary Resolution**
   - Authority to Issue Shares pursuant to the Companies Act 2016 — **Resolution 5**

   "**THAT**, subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always 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 of the Company for the time being;

   THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

   AND THAT pursuant to Section 85 of the Act to be read together with Clause 12(2) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to this mandate;

   AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. **Ordinary Resolution**
   Proposed Renewal of Authority for Share Buy-Back — **Resolution 6**

   "**THAT**, subject to the Companies Act 2016 ("the Act"), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, the Company be and is hereby authorised 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 as the Directors may deem fit, necessary and expedient in the interest of the Company ("Proposed Renewal of Share Buy-Back Authority") provided that: -

   (i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

   (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase;

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

i. cancel all the shares so purchased; and/or

ii. retain the ordinary shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or transfer under an employees' share scheme and/or transfer as purchase consideration; and/or

iii. retain part thereof as treasury shares and cancel the remainder; or

iv. in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other authority for the time being in force;

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until: -

a. the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

b. the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

c. the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first,

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interests of the Company to 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 as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board of Directors may deem fit and expedient in the best interests of the Company."

7. **Special Resolution**
Proposed change of Company's name from "Kejuruteraan Asastera Berhad" to "Kinergy Advancement Berhad" ("Proposed Change of Name") **Special Resolution 1**

"**THAT** the name of the Company be changed from "Kejuruteraan Asastera Berhad" to "Kinergy Advancement Berhad" with effect from the date of the Notice of Registration of New Name issued by the Companies Commission of Malaysia and that the Constitution of the Company be hereby amended accordingly, wherever the name of the Company appears.

AND THAT, the Directors and/or Secretary of the Company be and are hereby authorised to give effect to the Proposed Change of Name with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities."

8. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

(duly signed)

CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)
CHENG CHIA PING (SSM PC No. 202008000730) (MAICSA 1032514)
Company Secretaries

Kuala Lumpur
28 April 2023

Notes:

(A) Information for Shareholders/Proxies

1. As a precautionary measure amid the outbreak of Coronavirus Disease ("COVID-19") pandemic, KAB shall conduct the 26th AGM as a virtual general meeting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn. Bhd. via its Securities Services e-Portal at https://sshsb.net.my/.

   By utilising the RPV facilities at Securities Services e-Portal (prior registration as a User is required), shareholders are to remotely attend, participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the 26th AGM. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities and take note of Notes (2) to (9) below in order to participate remotely via RPV facilities.**

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2023 ("General Meeting Record of Depositors") shall be eligible to participate, speak and vote at the AGM.

3. A member (including authorised nominee) entitled to attend and vote at the Meeting via RPV facilities, may appoint more than one (1) proxy to attend and vote at the AGM via RPV facilities, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main Market Listing Requirement of Bursa Securities, and the Rules of Bursa Malaysia Depository Sdn. Bhd. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

4. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the AGM via RPV facilities is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the AGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM via RPV facilities shall have the same rights as the member to attend, participate, speak and vote at the AGM.

   As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to eservices@sshsb.com.my during the Virtual AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

5. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

6. Where a member is an exempt authorised nominee who 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 of which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at Securities Services e-Portal at https://sshsb.net.my/. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**

8. **Publication of Notice of 26th AGM and Proxy Form on corporate website**

Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of KAB at https://asastera.com/general_meeting.html.

9. **Submission of Proxy Form in either hard copy form or electronic form**

The appointment of proxy(ies) may now be made either in hard copy form or by electronic form, and shall be deposited with the Company's Poll Administrator, namely, SS E Solutions Sdn. Bhd., either at the designated office as stated below or vide Securities Services e-Portal, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjournment thereof (i.e., **on or before Sunday, 28 May 2023 at 9:30 a.m.**):-

Mode of Submission	Designated Address
Hard copy	**SS E Solutions Sdn. Bhd.** Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@sshsb.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://sshsb.net.my/

Explanatory Notes:-

1. ***Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2022***

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item is not put forward for voting.

2. ***Resolution 1 - Payment of Directors' fees***

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors of a listed company shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval at the 26th AGM of the Company on the following resolution:-

- ***Ordinary Resolution 1** is proposed to seek the shareholders' approval for the payment of Directors' fees payable to the Directors of an amount of up to MYR550,000.00/- for the financial year ending 31 December 2023.*

3. ***Resolutions 2 and 3 - Re-election of Directors***

In determining the eligibility of the Directors to stand for re-election at the forthcoming 26th AGM of the Company, the Nominating Committee ("NC"), as guided by the requirements of Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities has recommended Dato' Lai Keng Onn and Ms. Tong Siut Moi, for re-election as Directors pursuant to Clause 76(3) of the Constitution of the Company ("Retiring Directors"). The Board has conducted a separate assessment and being satisfied with the performance/contribution of the Retiring Directors. Therefore, the Board recommended that the same to be tabled to the shareholders of the Company for approval at the forthcoming 26th AGM of the Company under Resolutions 2 and 3, respectively.

The evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2022 of the Company. All the Retiring Directors have consented to their re-election, and abstained from deliberations and voting in relation to their individual re-election at the NC and Board Meetings, respectively. The Retiring Directors also provided the fit and proper declarations in the prescribed forms in accordance with the Directors' Fit & Proper Policy adopted by the Company.

4. ***Resolution 4 - Re-appointment of Auditors***

*The Audit Committee ("**AC**") having assessed the suitability, objectivity and independence of Messrs. Kreston John & Gan recommended the latter's re-appointment as External Auditors of the Company to the Board for consideration. Upon review, the Board in turn would like to recommend the same to the shareholders for approval at the 26th AGM of the Company. The evaluation criteria adopted as well as the process of assessment by the AC and Board, respectively, have been duly elaborated in the Corporate Governance Report of the Company for the financial year ended 31 December 2022.*

5. ***Resolution 5 – Authority to Issue Shares pursuant to the Companies Act 2016***

*The proposed resolution is intended to renew the authority granted to the Directors of the Company at the Twenty-Fifth Annual General Meeting of the Company held on 27 May 2022 ("**Previous Mandate**") to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares does not exceed 10% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "**General Mandate**").*

The said General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time to meet its funding requirements.

The Board, having considered the current and prospective financial position, working capital requirements and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

Pursuant to Section 85 of the Act read together with Clause 12(2) of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

The proposed Resolution 5, if passed, will exclude existing shareholders' pre-emptive rights to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Resolution.

6. ***Resolution 6 - Proposed Renewal of Share Buy-Back Authority***

The proposed resolution is intended to allow the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares in the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Please refer to Statement to Shareholders dated 28 April 2023 available together with the Annual Report 2022 for more information.

7. ***Special Resolution: Proposed Change of Company's Name***

On 6 April 2023, the Company had announced to Bursa Malaysia Securities Berhad that the Board of Directors had proposed to change the Company's name from "Kejuruteraan Asastera Berhad" to "Kinergy Advancement Berhad" ("Proposed Change of Name").

The proposed name of "Kinergy Advancement Berhad" was approved and reserved by the Companies Commission Malaysia ("CCM") on 6 April 2023.

The Proposed change of Company's name is subject to the approval of shareholders of the Company by way of Special Resolution which requires a majority of not less than three fourth of such members of the Company as being entitled to do vote in person or by proxy at the 26th AGM of the Company. The Proposed Change of Name, if approved by the shareholders, will take effect from the date of issuance of the Notice of Registration of New Name by the CCM to the Company.

Please refer to Please refer to the Circular to Shareholders dated 28 April 2023 for further information.

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KEJURUTERAAN ASASTERA BERHAD
[Company No. 199701005009 (420505-H)]
(Incorporated in Malaysia)

Proxy Form

No. of Shares	
Email Address	
CDS Account No.	
Contact Number	

I/We, _____ NRIC/Passport/Company No _____
(Name in full)

being a member of Kejuruteraan Asastera Berhad, hereby appoint(s):-

Proxy 1			
Full Name ***(in Block and as per NRIC/Passport)***	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Email	**Contact No.**		

and/or* (*delete as appropriate)

Proxy 2			
Full Name ***(in Block and as per NRIC/Passport)***	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Email	**Contact No.**		

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 26th Annual General Meeting of the Company to be held on a **fully virtual basis** vide Online Meeting Platform hosted on Securities Services e-Portal at https://sshsb.net.my/ on Tuesday, 30 May 2023 at 9:30 a.m. or any adjournment thereof.

* *Delete the words "or failing him/her, the Chairman of the Meeting" if you wish to appoint some other person(s) to be your proxy.*

My/Our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
Resolution 1	To approve the payment of Directors' fees of the Company amounting to MYR550,000.00/- for the financial year ending 31 December 2023.		
Resolution 2	To re-elect Dato' Lai Keng Onn, a Director who retires pursuant to Clause 76(3) of the Company's Constitution.		
Resolution 3	To re-elect Ms. Tong Siut Moi, a Director who retires pursuant to Clause 76(3) of the Company's Constitution.		
Resolution 4	To re-appoint Messrs. Kreston John & Gan as Auditors of the Company until the conclusion of the next AGM and authorise the Directors to determine their remuneration.		
Resolution 5	As Special Business Ordinary Resolution Authority to issue shares pursuant to the Companies Act 2016.		
Resolution 6	As Special Business Ordinary Resolution Proposed Renewal of Authority for Share Buy-Back.		
Resolution 7	As Special Business Special Resolution Proposed Change of Company's Name from "Kejuruteraan Asastera Berhad" to "Kinergy Advancement Berhad"		

(Please indicate with an `X' in the appropriate spaces how you wish to cast your vote. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.)

Dated this _____ day of _____ 2023

_____
Signature/Common Seal of Shareholder

Notes:-

1. *As a precautionary measure amid the outbreak of Coronavirus Disease ("COVID-19") pandemic, KAB shall conduct the 26th AGM as a virtual general meeting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn. Bhd. via its Securities Services e-Portal at https://sshsb.net.my/.*

   The Broadcast Venue is strictly for the purpose of complying with Clause 52 of the Company's Constitution and Section 327(2) of the Act, 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 26th AGM in person at the Broadcast Venue on the day of the Meeting.*

   *By utilising the RPV facilities at Securities Services e-Portal (prior registration as a User is required), shareholders are to remotely attend, participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the 26th AGM. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities and take note of Notes (2) to (9) below in order to participate remotely via RPV facilities.***

2. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2023 ("General Meeting Record of Depositors") shall be eligible to participate, speak and vote at the AGM.*

3. *A member (including authorised nominee) entitled to attend and vote at the Meeting via RPV facilities, may appoint more than one (1) proxy to attend and vote at the AGM via RPV facilities, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main Market Listing Requirement of Bursa Malaysia Securities, and the Rules of Bursa Malaysia Depository Sdn. Bhd. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

4. *A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the AGM via RPV facilities is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the AGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM via RPV facilities shall have the same rights as the member to attend, participate, speak and vote at the AGM.*

   As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to eservices@sshsb.com.my during the Virtual AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

5. *In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*

6. *Where a member is an exempt authorised nominee who 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 of which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

7. *A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at Securities Services e-Portal at https://sshsb.net.my/. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities**.*

8. ***Publication of Notice of 26th AGM and Proxy Form on corporate website***

   Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of KAB at https://asastera.com/general_meeting.html.

9. ***Submission of Proxy Form in either hard copy form or electronic form***

   *The appointment of proxy(ies) may now be made either in hard copy form or by electronic form, and, shall be deposited with the Company's Poll Administrator, namely, SS E Solutions Sdn. Bhd., either at the designated office as stated below or vide Securities Services e-Portal, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjournment thereof (i.e. **on or before Sunday, 28 May 2023 at 9:30 a.m.**):-*

Mode of Submission	Designated Address
Hard copy	**SS E Solutions Sdn. Bhd.** Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@sshsb.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://sshsb.net.my/

FOLD HERE

AFFIX STAMP

Kejuruteraan Asastera Berhad
[Registration No. 199701005009 (420505-H)]
c/o SS E Solutions Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.

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Administrative Guide

SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings

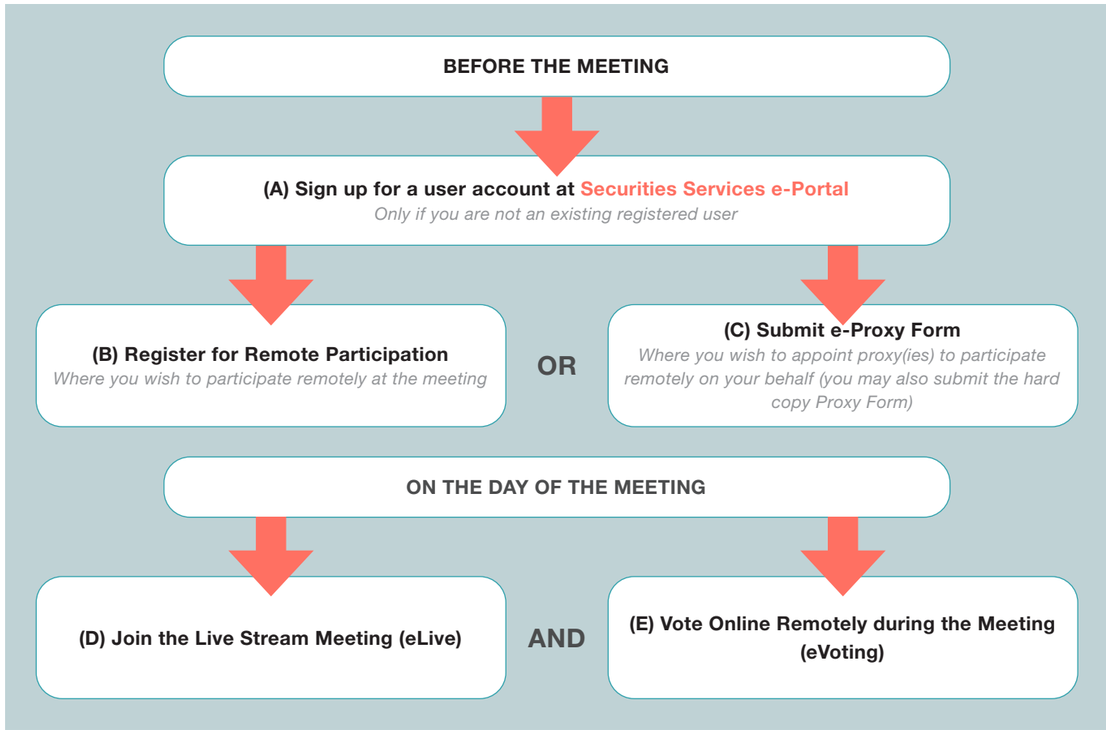
(referred to as "**e-Services**").

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by Kejutureraan Asastera Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari.

REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Rachel Ou (DID: +603 2084 9161) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshsb.com.my.



BEFORE THE MEETING

(A) Sign up for a user account at Securities Services e-Portal

Step 1 Visit https://sshsb.net.my/
Step 2 Sign up for a user account
Step 3 Wait for our notification email that will be sent within one (1) working day
Step 4 Verify your user account within seven (7) days of the notification email and log in

- We require 1 working day to process all user sign-ups. If you do not have a user account with the e-Portal, you will need to sign up for a user account by the deadlines stipulated below.
- Your registered email address is your User ID.

To register for the meeting under (B) below, please sign up for a user account by 28 MAY 2023.

To submit e-Proxy Form under (C) below, please sign up for a user account by 25 MAY 2023, failing which you may only be able to submit the hard copy proxy form.

This is a ONE-TIME sign up only. If you already have a user account, please proceed to either (B) or (C) below.

(B) Register for Remote Participation at the Meeting

- Log in to https://sshsb.net.my/ with your registered email and password.
- Look for **Kejuruteraan Asastera Berhad** under Company Name and **26th AGM on 30 May 2023 at 9:30 a.m. – Registration for Remote Participation** under Corporate Exercise / Event and click ">" to register for remote participation at the meeting.

Step 1 Check if you are attending as –
- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate / authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted at the Office of Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.

Step 2 Submit your registration.

- All shareholders must register for remote participation at the meeting and are highly encouraged to register as early as possible and before the eLive access date and time [see (D) below] in order to ensure timely access to the meeting. Access shall be granted only to eligible shareholders in accordance with the General Meeting Record of Depositors as 23 May 2023.
- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to **all the CDS account(s)** of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the meeting will be conducted on a virtual basis, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

(C) Submit e-Proxy Form

Meeting Date and Time	Proxy Form Submission Closing Date and Time
Tuesday, 30 May 2023 at 9:30 a.m.	Sunday, 28 May 2023 at 9:30 a.m.

- Log in to https://sshsb.net.my/ with your registered email and password
- Look for **Kejuruteraan Asastera Berhad** under Company Name and **26th AGM on 30 May 2023 at 9:30 a.m. – Submission of Proxy Form** under Corporate Exercise / Event and click ">" to submit your proxy forms online for the meeting by the submission closing date and time above.

Step 1 Check if you are submitting the proxy form as –
- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate / authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted at the Office of Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.

Step 2 Enter your CDS account number or the body corporate's CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies). **You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.**
Step 3 Proceed to indicate how your votes are to be casted against each resolution.
Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered users of the e-Portal, they will need to sign up as users of the e-Portal under (A) above by 25 MAY 2023. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.

ON THE DAY OF THE MEETING

Log in to https://sshsb.net.my/ with your registered email and password	
(D) Join the Live Stream Meeting (eLive)	
Meeting Date and Time	**eLive Access Date and Time**
Tuesday, 30 May 2023 at 9:30 a.m.	Tuesday, 30 May 2023 at 9:00 a.m.

➤ Look for **Kejuruteraan Asastera Berhad** under Company Name and **26th AGM on 30 May 2023 at 9:30 a.m. – Live Stream Meeting** under Corporate Exercise / Event and click ">" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman / Board / Management / relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)	
Meeting Date and Time	**eVoting Access Date and Time**
Tuesday, 30 May 2023 at 9:30 a.m.	Tuesday, 30 May 2023 at 9:30 a.m.

➤ If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.
OR
➤ If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **Kejutureraan Asastera Berhad** under Company Name and **26th AGM on 30 May 2023 at 9:30 a.m. – Remote Voting** under Corporate Exercise / Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.
Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).

www.asastera.com