



ANNUAL
REPORT
2023

ENERGISING

AN INNOVATIVE TRANSFORMATION



One-Stop Energy & Engineering Solutions Provider

KINERGY ADVANCEMENT BERHAD
GROUP OF COMPANIES

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to download our Annual Report 2023
and Sustainability Report 2023

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CORPORATE MILESTONES



1997

- Established on 24 February 1997.

1998-2008

- Registered with Energy Commission Malaysia as a Class A electrical contractor.
- Registered with the CIBD as a Grade 'G7' license holder.
- Accredited with the BS EN ISO 9001:2008 certificate by NQA Certification Services (M) Sdn. Bhd.

2017

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

2018

- Ventured into Sustainable Energy Solutions ("SES") business via Energy Efficient Solutions.

2020

- Transferred to Main Market of Bursa Securities on 28 August 2020.
- Market cap hit MYR1.0 billion during transfer listing to the Main Market of Bursa Securities.

2018-2024

SES Development

- Completed the acquisition of the entire equity interest in Dynagen Power (M) Sdn. Bhd. to supply 2.2 megawatt ("MW") power.
- Secured 15,814 kilowatt-peak ("kWp") Malaysia and Thailand Solar PV Systems Projects.
- 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 KAB's Sustainable Energy Solutions ("SES") unit on 17 November 2022.
- Completed acquisition of Matahari Suria Sdn. Bhd. (MSSB) with a Renewable Energy Power Purchase Agreement (REPPA) to supply solar power to Tenaga Nasional Berhad until 2037.
- Awarded as one (1) of twenty-two (22) solar power producers among the seventy-one (71) total applicants of Corporate Green Power Programme (CGPP) via the consortium of Salcon Berhad and KAB Smart Solar Energy Sdn. Bhd., for an allocated export capacity of 7.0 megawatt alternating current ("MWac").
- Completed acquisition of PT Inpolo Mitra Elektrindo, a 11.0 MW mini-hydroelectric power plant unit in North Sumatera, Indonesia. Diversified SES portfolio with expanded presence across ASEAN region.
- Enhanced Renewable Energy portfolio with the addition of a 2.4 MW Biogas power plant through Future Biomass Gasification Sdn. Bhd. (FBG) in Kedah, Malaysia.
- A strategic investment is made through KABEH to acquire 100% stake in Tunjang Tenaga Sdn. Bhd. (TTSB), which holds an 80% stake in SDF Hydro Sdn. Bhd. ("SDF"). The plant, Pedu Dam in Kedah, Malaysia, run by SDF, has a total approved capacity of 9.6 MW and a net export capacity of 8.0 MW approved by the TNB substation.

Accreditations & ESG Recognitions

- Recognised as one (1) of the Top 10 Energy Sustainability Solutions Providers in APAC 2024 by Energy Business Review.
- Listed on FTSE Bursa Malaysia EMAS Index in July 2021.
- Secured three (3) Stars in FTSE Russell ESG Ratings December 2021 Assessment.
- Certified with Occupational Health & Safety Management ISO 45001: 2018 and Environmental Management System ISO 14001: 2015.
- Listed as one (1) of eleven (11) New Inclusions to FTSE4Good Bursa Malaysia (F4GBM) and FTSE4Good Bursa Malaysia Shariah (F4GBMS) Indexes.
- Certified with Anti-Bribery Management System ISO 37001: 2016.

Strategic Collaborations

- KAB Telco Sdn. Bhd., a wholly owned subsidiary of KAB, forms a joint venture with MRH Empire Sdn. Bhd. to build and operate telecommunication towers.
- KAB Energy Holdings Sdn. Bhd. ("KABEH") has assumed the role of technical partner to co-own and co-develop the SUSB Power Plant.
- Selected as one of the few early adopters for Bursa Malaysia's CSI Platform Early Adoption Programme as part of Mah Sing's Supply Chain Sustainability Improvement Program.
- Joined forces with Alliance Bank Malaysia Berhad (ABMB) to collaboratively drive sustainable energy and green technological innovation development in Malaysia.
- Established a strategic partnership with the Top 2 leading fertiliser supplier, AGROMATE Holdings Sdn. Bhd. (Agromate), to spearhead Bioenergy Generation across Palm Oil Mills in Malaysia.
- KAB via its wholly-owned subsidiary, KABEH, ventured into the Philippines market by signing Heads of Agreement (HOA) with LCS Holdings Co., Ltd. (LCS) for the strategic development of 20.0 megawatt-peak ("MWp") solar farm in Santa Ilocos Sur, with the potential to expand up to 100.0 MWp.

Prominent Project Awards

- Secured MYR230.0 million EPCC contract from Sipitang Utilities Sdn. Bhd. (formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd.) ("SUSB"), a wholly owned subsidiary of PETRONAS Gas Berhad (PGB) to develop a 52.0 MW power plant and its associated facilities in Sabah.
- Second contract awarded by PETRONAS Gas Berhad within a year. Assuming the technical role to support utility expansion and improve infrastructure for the conversion of Liquefied Natural Gas (LNG) carriers into Floating Storage Units (FSUs) at the Pengerang Regasification Terminal.
- Strengthened involvement spanning over a decade with giant property Mah Sing Group Berhad with the 13th contract awarded for the M Nova residential development project.

Featured News & Events

- Featured in Nanyang 2024 Budget Wishlist article as one (1) of five (5) Malaysian companies addressing the industry expectations for economic growth and active involvement in National Energy Transition Roadmap (NETR) and New Industrial Master Plan (NIMP) initiatives for 2030.
- Expanded presence in the SES segment has been highlighted by several prominent media outlets, including The Edge, The Star, The New Straits Times, and Focus Malaysia, among others.
- Special mention of KAB's Clean Energy Generation - a Waste Heat Recovery's site in a research report generated by the Datametrics Research and Information Centre (DARE): A Comparative Analysis of Renewable and Sustainable Energy Platforms in Malaysia.
- Featured on The Edge Bumper Issue (ESG Pull-out) December 2023 Annual Edition - KAB Strengthens Waves of Growing Energy Demand: Created an Enriched Energy Avenue with Alternative Sustainable Solutions.



Re-branding Exercise

- Successfully rebranded from Kejuruteraan Asastera Berrhad to Kinergy Advancement Berhad. Transition from traditional engineering services to pioneering as an innovative One-Stop Sustainable Energy Solutions Provider in Malaysia.

WHO WE ARE

ONE-STOP ENERGY & ENGINEERING SOLUTIONS PROVIDER



1

We are a Constituent of
FTSE4Good Bursa Malaysia Index &
FTSE4Good Bursa Malaysia Shariah Index

2

We have secured
3 out of 4 Stars
ESG Ratings
FTSE Russell Assessment
in 2021, 2022 & 2023

ABOUT KINERGY ADVANCEMENT BERHAD

Established in 1997, Kinergy Advancement Berhad (“KAB” or the “Group”) (Formerly known as Kejuruteraan Asastera Berhad) is an energy company principally involved in providing Sustainable Energy Solutions (“SES”) as well as engineering solutions.

On 6 June 2023, KAB officially unveiled its new name and logo signifying its commitment to expanding its SES business regionally. Its SES segment encompasses the provision of Energy Efficient Solutions, Clean Energy Generation, and Renewable Energy Generation. KAB presently owns a suite of sustainable energy assets under its SES segment, namely Co-generation, Waste Heat Recovery, Solar, Biogas and Hydroelectric Power.

Its SES segment contribution to the financial performance is rising in tandem to KAB commitments in expanding its SES portfolio. The Group currently has twenty-seven (27) SES projects and has an expanding geographical presence in Southeast Asia, namely in Thailand, Indonesia & Philippines.

KAB’s engineering segment covers all aspects of electrical, mechanical and associated engineering services for both commercial and residential buildings.

Another potential segment is telecommunication infrastructure.

Successful Transformation in 2023

REDEFINED IDENTITY ON 6 JUNE 2023

KI from Kinetic emphasises **the importance of motion and movement** in the industrial sector.

NERGY from Energy underscores **the significance of power and energy consumption** in the industry.

ADVANCEMENT Symbolises **the Group's dynamic nature and its commitment to continuous improvement and propel transformation** towards the future.

Vision

To excel as a One-Stop Energy & Engineering 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.

Board of Directors

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

Dato' Lai Keng Onn
 Company Director
 Executive Deputy Chairman cum
 Group Managing Director

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

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

Jonathan Wu Jo-Han
 Company Director
 Executive Director
 (SES Chief Operating Officer)
 (Appointed w.e.f 18 March 2024)

Lu Chee Leong
 Chartered Accountant
 Independent Non-Executive Director

Tong Siut Moi
 Chartered Governance Officer
 Independent Non-Executive Director

Ts Dr. Amanda Lee Sean Peik
 Company Director
 Independent Non-Executive Director
 (Appointed w.e.f 18 March 2024)

Datuk Wira Mubarak Hussain bin Akhtar Husin
 Company Director
 Non-Independent Non-Executive
 Director
 (Appointed w.e.f. 29 April 2024)

CORPORATE INFORMATION

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)
 Executive Deputy Chairman cum 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)
 Executive Director
 (Group Chief Operating 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@sshb.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 : kab@kinergyadvancement.com
Website : www.kinergyadvancement.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

Hong Leong Bank Berhad
 Menara Hong Leong Bank, 6,
 Jalan Damanlela,
 50490 Kuala Lumpur, Malaysia

Tel No. : +603 2081 8888

Alliance Bank Malaysia Berhad
 29th Floor, Menara Multi-Purpose,
 Capital Square 8 Jalan Munshi Abdullah,
 50100 Kuala Lumpur.

Tel No. : +603-5516 9988

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

Tel No. : +603-2167 3000

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

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

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 5 APRIL 2024



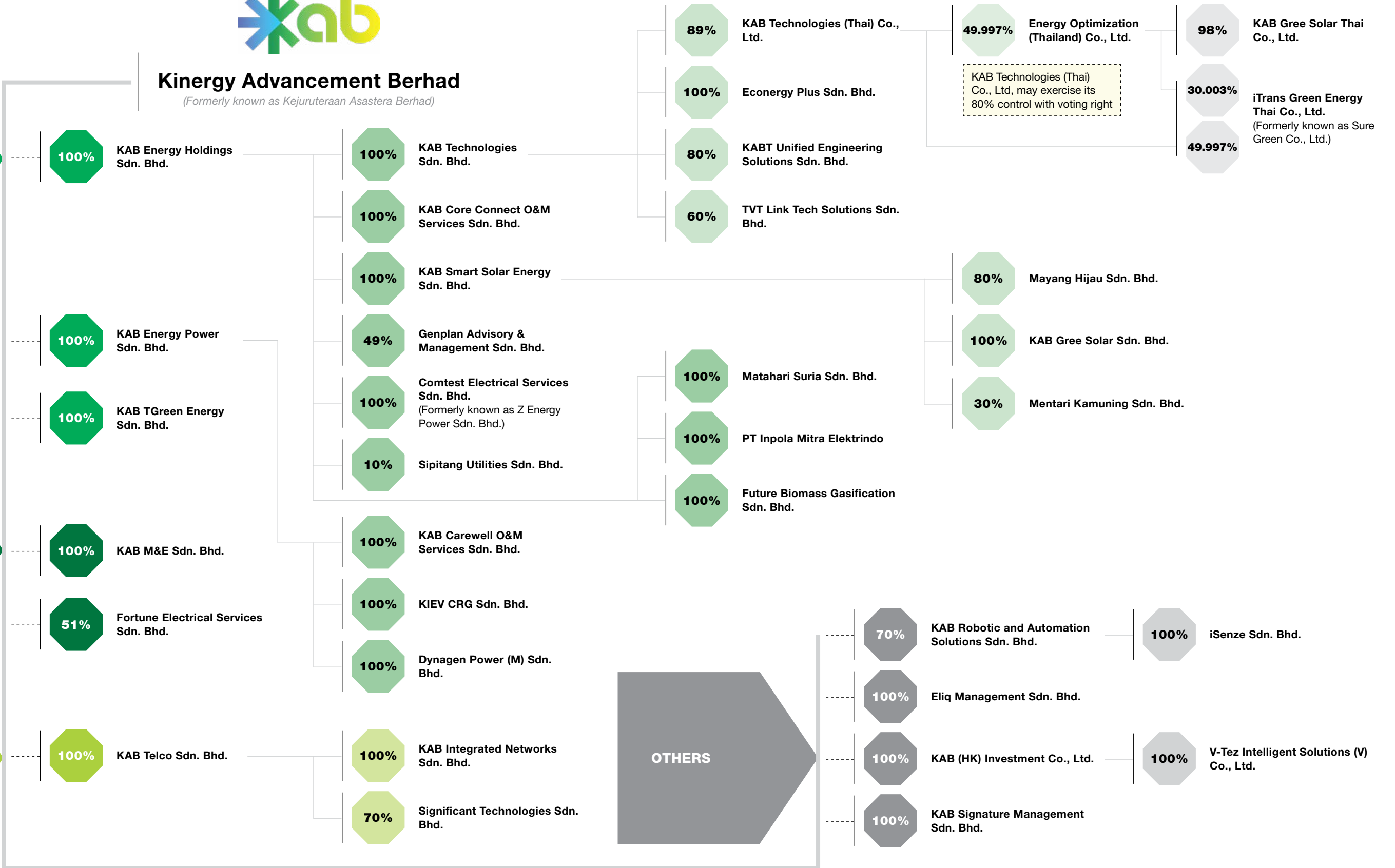
Kinergy Advancement Berhad

(Formerly known as Kejuruteraan Asastera Berhad)

SUSTAINABLE ENERGY SOLUTIONS

ENGINEERING

TELECOMMUNICATION TOWER



1 DATUK DR. ONG PENG SU

Independent
Non-Executive Chairman

2 DATO' LAI KENG ONN

Executive Deputy Chairman
cum Group Managing Director

3 CHOONG GAIK SENG

Executive Director
(Competent/QC Division)

4 DATIN ALICIA CHAN PEY KHENG

Executive Director
(Group Chief Operation Officer)

5 JONATHAN WU JO-HAN

Executive Director
(SES Chief Operating Officer)

6 LU CHEE LEONG

Independent
Non-Executive Director

7 TONG SIUT MOI

Independent
Non-Executive Director

8 TS DR. AMANDA LEE SEAN PEIK

Independent
Non-Executive Director

BOARD OF DIRECTORS

AS AT 5 APRIL 2024



PROFILE OF DIRECTORS

AS AT 5 APRIL 2024



**DATUK DR.
ONG PENG SU**

Independent Non-Executive Chairman

Malaysian, aged 70, Male

Date of appointment as Director:
15 April 2021

Length of service as director since appointment:
3 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 Kinergy Advancement Berhad as the Independent Non- Executive Chairman with over thirty-five (35) years of accumulated local and global experience and operational leadership.

Time Committed:

Board meetings' attendance in year 2023 : 7/7



**DATO' LAI
KENG ONN**

Executive Deputy Chairman
cum Group Managing Director

Malaysian, aged 55, Male

Date of appointment as Director:
24 February 1997

Length of service as director since appointment:
27 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 Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad).

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. On 1 June 2023, he is appointed as the Executive Deputy Chairman, formalising his dual capacity within the Company.

Following the decision to expand the Company, Dato' Lai spearheaded the establishment of the Sustainable Energy Solutions (SES) segment as the new division within the KAB Group of Companies in 2018. Leveraging its twenty-six (26) years' expertise as an energy specialist, the SES business has proven instrumental in fostering the sustainable growth of the Company. Dato' Lai's visionary approach has illuminated an awe-inspiring journey, evident in the fruition of his strategic initiatives. His exceptional management and dedicated commitment have driven his aspiration for KAB to become a holistic One-Stop Energy and Engineering Solutions Provider with a unique preposition in the energy industry.

He set a transformative course for the Company in June 2023. KAB underwent a strategic rebranding, transitioning from Kejuruteraan Asastera Berhad to the current Kinergy Advancement Berhad. This strategic decision not only showcases boldness but also emphasises his exceptional business acumen in adopting forward-thinking business strategies. His leadership ushered in an impeccably managed transition, marked by a commitment to meeting stakeholder expectations, continuous achievement of milestones, and promising optimistic prospects for the Company.

Time Committed:

Board meetings' attendance in year 2023 : 7/7

PROFILE OF DIRECTORS
AS AT 5 APRIL 2024



**CHOONG
GAI SENG**

Executive Director
(Competent/QC Division)

Malaysian, aged 63, Male

Date of appointment as Director:
1 March 2013

Length of service as director since appointment:
11 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 charginer and wireman by profession, which is registered with the Energy Commission Malaysia.

In 2002, he obtained a charginer 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 charginer 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 2023 : 6/7



**DATIN ALICIA
CHAN PEY KHENG**

Executive Director
(Group Chief Operation Officer)

Malaysian, aged 51, Female

Date of appointment as Director:
1 March 2018

Length of service as director since appointment:
6 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, a member of Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad) since August 1997, has consistently held the position of the Executive Deputy Chairman cum Group Managing Director trusted right-hand. Datin Alicia has orchestrated pivotal decisions across multiple departments, showcasing agile advisory skills in strategising for the entire organisation for more than 26 years. Serving as an Executive Director cum Group Chief Operation Officer, she has earned multiple recognitions for her comprehensive capabilities, effectively overseeing overall operations development. This includes her active engagement in the Company's divisions, notably contributing proactively to the new segment's business development, all while closely overseeing the organisation's overall growth.

Datin Alicia holds a crucial role in evaluating and assessing the financial, capacity, and management aspects of projects, as well as the entire organisational workflow and performance. With paramount significance throughout the organisation, her voice has been recognised, leading to her nomination in 2022 as an integral member of the Sustainability Committee. In this role, she actively promotes the integration of environmentally sustainable practices into the organisation while advocating for the acknowledgment of its importance across the organisation's supply chain. In 2023, she witnessed KAB's triumph in earning recognition from the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index.

Time Committed:

Board meetings' attendance in year 2023 : 7/7

PROFILE OF DIRECTORS

AS AT 5 APRIL 2024



LU CHEE LEONG

Independent
Non-Executive Director

Malaysian, aged 59, Male

Date of appointment as Director:
30 May 2017

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

Board Committee(s) Membership:

- Chairman of Audit Committee
- Chairman of Risk Management 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:

Mr. Lu does not hold any directorship in other public companies and listed corporations.

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 2023 : 7/7



TONG SIUT MOI

Independent
Non-Executive Director

Malaysian, aged 54, Female

Date of appointment as Director:
30 May 2017

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

Board Committee(s) Membership:

- Chairperson of Nominating Committee
- Chairperson of Remuneration Committee
- Member of Audit Committee
- Member of Risk Management 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). She has subsequently become a qualified Chartered Secretary since 1998. Ms. Tong is now a Fellow of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA). 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 (ICDM).

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 twenty-eight (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 2023 : 7/7

PROFILE OF DIRECTORS

AS AT 5 APRIL 2024



**JONATHAN
WU JO-HAN**

Executive Director
(SES Chief Operating Officer)

Malaysian, aged 31, Male

Date of appointment as Director:
18 March 2024

Length of service as director since appointment:
Less than 1 year

Board Committee(s) Membership:
None

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.

Time Committed:

None in year 2023, only appointed on 18 March 2024



**TS DR. AMANDA
LEE SEAN PEIK**

Independent Non-Executive Director

Malaysian, aged 38, Female

Date of appointment as Director:
18 March 2024

Length of service as director since appointment:
Less than 1 year

Board Committee(s) Membership:
None

Academic/Professional Qualification(s):

Ts Dr. Amanda Lee holds a Bachelor of Engineering with Honors degree from Universiti Kebangsaan Malaysia, awarded in 2009. She further pursued her academic journey, earning a Ph.D. in Civil Engineering from the University of Nottingham (Malaysia campus) in 2017. Ts Dr. Amanda Lee is a registered graduate engineer with the Board of Engineers Malaysia and a certified professional technologist under the Malaysia Board of Technologists (MBOT). Additionally, she holds a senior graduate membership with the Institution of Engineers, Malaysia.

Present Directorship(s) in other Public Companies and Listed Companies:

- Niche Capital Emas Holdings Berhad

Working experience:

Ts Dr. Amanda Lee began her professional career in 2009 as a Junior Engineer at RPM Engineers Sdn. Bhd. She then transitioned to the role of Software Developer at C&S Software Solutions Sdn. Bhd. before pursuing postgraduate studies at the University of Nottingham (Malaysia campus). During her academic tenure, she also served as a Lab Demonstrator and Teaching Assistant at the University of Nottingham (Malaysia campus) from June 2011 to December 2014. In October 2015, Ts Dr. Amanda Lee joined Angkasa Consulting Services Sdn. Bhd. as a Senior Water Resources Engineer, a position she held until October 2018. From October 2018 to November 2021, she served as the Deputy Head of Water Resources at DHI Water and Environment (M) Sdn. Bhd. Subsequently, Ts Dr. Amanda Lee established a private practice as a Hydrologist at Atlas Informatics PLT, specialising in pre-feasibility and evaluation studies for dam and hydropower projects.

Notable projects she has contributed to include the Sungai Selangor Dam, Karakurt Dam in Turkey, Kg. Teluk Temperah, Hulu Sg. Padas, and Sg. Maligan in Sipitang, Sabah. Her professional expertise extends to simulating hydropower projects, flood forecasting, water resources analysis, dam safety inspections, and irrigation and drainage master plan studies.

Time Committed:

None in year 2023, only appointed on 18 March 2024

OTHER INFORMATION

AS AT 5 APRIL 2024

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 Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad) ("KAB" or "the Company").

B. CONFLICT OF INTEREST

None of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business, that they have with the Company or its subsidiaries.

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 Ms. Tong Siut Moi and Ts Dr. Amanda Lee Sean Peik, 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 2023 ("FY2023")

The Directors' attendance for the Board Meetings for the FY2023 is presented on page 62 of the Annual Report.

F. DIRECTORS' SHAREHOLDINGS

Except for Dato' Lai Keng Onn, Datin Alicia Chan Pey Kheng and Mr. Choong Gaik Seng, 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 and Mr. Choong Gaik Seng, are disclosed in page 189 of the Annual Report.

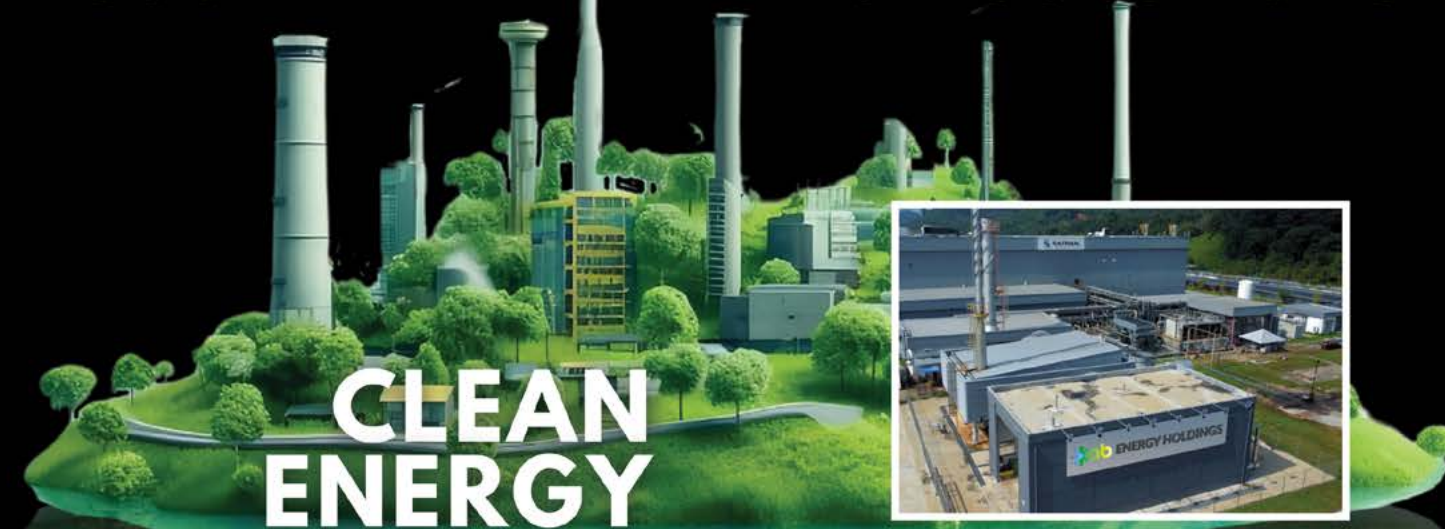
KINERGY ADVANCEMENT BERHAD

APAC 2024

TOP 10
ENERGY SUSTAINABILITY
SOLUTIONS PROVIDER



SUSTAINABLE ENERGY SOLUTIONS



CLEAN ENERGY

Waste Heat Recovery
Co-generation
Gas Engine Power Plant

RENEWABLE ENERGY

Solar Photovoltaic System
Hydroelectric Power
Biogas Energy

ENERGY EFFICIENT

Chiller Optimisation
Building Management System



PROFILE OF KEY SENIOR MANAGEMENT



CHIN SZE HOW

Group Chief Financial Officer
(Redesignated to Group Chief
Financial Officer on 29 March 2024)

Malaysian, aged 34, 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 seven (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, then to Group Chief Financial Officer in March 2024. 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.



LAI CHUAN SHENQ

Director
(Business Marketing)

Malaysian, aged 47, 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



CHIN FAY FAY

General Manager
(Finance and Account)

Malaysian, aged 43, 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.



LEE YEE LOOI

General Manager
(Corporate & HR)

Malaysian, aged 45, Female

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

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. Ms. Lee also obtained a Certificate in Diet and Nutrition for Complementary Therapist from ITEC, UK in November 2022. She also completed the Train-The-Trainer (TTT) assessment under the Human Resource Development Corporation's programme in July 2023.

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 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 2021, Ms. Lee also has taken the role as the Head of Sustainability Team to lead the team on the Group's sustainability or ESG activities.

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

GROUP MANAGING DIRECTOR STATEMENT

INTRODUCTION

DEAR VALUED SHAREHOLDERS,

It is with a sense of profound pride and responsibility that I present to you the Annual Report for Kinergy Advancement Berhad (“KAB” or the “Group”) for the financial year ended 31 December 2023 (“FY2023”).

This year marks a **transformative period** for KAB, reflecting both strategic rebranding efforts and a renewed commitment to becoming a pioneering force in the energy sector. This pivotal year has positioned us at the forefront of the Sustainable Energy Solutions (“SES”) sector, underlining our successful innovative expansion with sustainability as an integral part of the business and organisation.”

OVERVIEW

In FY2023, we took a bold step in our corporate journey with an extensive rebranding initiative. This initiative marked a significant phase as we redefined our identity in the market, transitioning from Kejuruteraan Asastera Berhad, an engineering entity to Kinergy Advancement Berhad, an energy-focused company. This rebranding encapsulated our expertise, experience, and innovative spirit to delivering exceptional values to our clients, stakeholders, and the communities we serve. We are excited to continue pushing the boundaries in the energy landscape by pioneering as a One-Stop Energy and Engineering Solutions Provider in Malaysia. KAB's pronounced pivot

towards Sustainable Energy Solutions (“SES”), initiated in 2018, underscores our foresight in the Clean Energy Generation (“CE”), Renewable Energy Generation (“RE”) and Energy Efficient (“EE”) solutions under the realm of SES. As the global push towards sustainable energy sources gains momentum, our diversification and expansion into the SES segment in 2023 responded adeptly to changing market conditions, aligning with emerging new opportunities and addressing various business challenges. We are confident that KAB's evolution aligns closely with Malaysia's National Energy Transition Roadmap (“NETR”), as we contribute to the amplification of the nation's renewable energy capacity and further drive the development of a greener economy.

We are confident that KAB's evolution aligns closely with

Malaysia's National Energy Transition Roadmap (“NETR”)

as we contribute to the amplification of the nation's renewable energy capacity and further drive the development of a greener economy

Proud accreditation attained from the **FTSE4Good Bursa Malaysia Index (F4GBM) and FTSE4Good Bursa Malaysia Shariah Index (F4GBMS)** for our ESG excellence



DATO' LAI KENG ONN
Executive Deputy Chairman
cum Group Managing Director

We strategically diversified our capabilities while reaffirming our commitment to positively contributing to the global shift towards sustainable energy.

Our exponential growth, built upon our extensive engineering expertise, serves as the foundational strength facilitating a seamless transition into SES. Not only have we become an enabler offering innovative energy solutions, but the decisions made over the past few years have also opened numerous doors for KAB. Our active involvement in sustainable energy projects, including thoughtfully planned investments in biogas and hydropower, alongside significant Engineering, Procurement, Construction, and Commissioning (“EPCC”) endeavours, showcases our competencies in advancing sustainable energy solutions.

Fortified by a series of deliberate acquisitions and partnerships across the ASEAN region, we have expanded the Group's operational reach and solidified our distinct position as both a pioneer and a leader in the sustainable energy landscape. We strategically diversified our capabilities while reaffirming our commitment to positively contributing to the global shift towards sustainable energy. This aligns with the increasing demand for CE, RE and EE solutions.

DEVELOPMENTS IN FY2023



SES segment

In FY2023, the Group notably showcased the realisation of the multiple prospects for the SES segment, with the strides set in FY2022 coming to fruition this year. We have kickstarted the development of the 52Mega-watt (“MW”) gas engine power plant at Sipitang Oil & Gas Industrial Park and remain optimistic about meeting the target date of completion in 2026. As KAB has effectively become a joint venture partner with a stake in PETRONAS Gas Berhad's (“PGB”) subsidiary, Sipitang Utilities Sdn. Bhd. This power plant will be the country's largest gas engine power plant. Our engagement with PGB has been further strengthened through another contract with Pengerang LNG (Two) Sdn. Bhd. on 6 November 2023. This PETRONAS LNG project at Pengerang recognises our robust EPCC capabilities and experience, positioning us to play a crucial role in these key developments.

GROUP MANAGING DIRECTOR STATEMENT

While we are committed to successfully delivering our on-going projects, the SES segment has made significant strides in expanding its renewable energy portfolio. We have added three (3) strategic acquisitions to our SES portfolio in 2023, broadening our horizons in Southeast Asia and increasing confidence in exploring other regional growth opportunities. The Group is pleased to witness the addition of at least two (2) of the prospective solutions within a year – biogas and hydroelectric power – in the SES segment, reaffirming our trust in its bullish prospects. These acquisitions are anticipated to yield positive impacts for the Group, with secured contracts to supply energy to the national grid over an extended period.

These initial ventures symbolise successful transactions that highlight our rapid growth and firmly establish

our position as a prominent player in the sustainable energy space. Our pursuit of expansion across different energy spaces has yielded substantial gains and has left a distinctive mark on the market, achieved within just five (5) years of establishing the segment and less than two (2) years since diversification.

Our ability to set ambitious growth targets has been greatly enhanced through partnerships with reputable industry leaders, such as Agromate Holdings Sdn. Bhd., which have expanded our resource network for future waste-to-energy projects. In addition to this partnership, collaborations with entities like LCS Holdings Inc. for ASEAN energy projects, alongside our educational partnership with Universiti Tenaga Nasional, have bolstered our expertise in sustainable energy.

Presently, **KAB boasts a portfolio of twenty-seven (27) SES projects**, comprising solar, hydropower, biogas, waste heat recovery, cogeneration and energy efficient projects. With strategic financing and a dedication to sustainable development, we are poised for further growth, propelling us towards a greener and sustainable future for Malaysia and ASEAN.

On that note, the SES segment reported a record-high revenue, marking a more than fivefold increase to achieve a segmental result of MYR29.3 million. Most recently, the latest quarter's earnings have surpassed those of the Engineering segment, leading SES segment to become the Group's leading revenue generator. With more contributions from new projects expected in the future, the SES segment is poised to yield a higher-margin profile, thereby further bolstering the Group's financial performance.

Throughout 2023, KAB has demonstrated impressive growth prospects and effective strategic expansion efforts. This places KAB as an appealing investment prospect, consequently increasing investors' confidence in our future performance and capacity to leverage emerging market opportunities.

CORPORATE EXERCISE

The Group completed three (3) acquisitions in FY2023, the earliest completion was a rooftop solar PV system, owned by Matahari Suria Sdn. Bhd., in Universiti Teknologi Malaysia on 25 July 2023, followed by a mini-hydro plant in Indonesia, PT Inpola Mitra Electrindo on 31 October 2023 and a biogas power plant in Kedah from Future NRG Sdn. Bhd. on 16 November 2023. With the completion of these acquisitions, we anticipate increasing our energy production capacity to 29.7MW starting from 2024. This includes ongoing projects that have not yet contributed to our FY2023 results but are expected to significantly boost our future earnings generation.

The Group has demonstrated forward-thinking financial acumen with successful private placements on 5 October 2023 and 29 January 2024, securing MYR60.95 million in capital. This capital infusion is pivotal for our expansion strategy and signals strong shareholder and regulatory confidence in KAB's growth trajectory and prudent fund management, particularly in advancing our SES growth opportunities.

FUTURE OUTLOOK

At the core of KAB's ethos is a steadfast commitment to environmental sustainability, which is integral to our comprehensive Environmental, Social, and Governance ("ESG") strategy. Echoing our declarations from FY2022, we have set ambitious targets to reduce our Scope 1 and 2 emissions by 42% by 2030, progressing towards a substantial 90% reduction by 2050, using 2021 as our benchmark year. These goals align seamlessly with our strategic pursuit to become a leading One-Stop Energy and Engineering Solutions Provider and a staunch supporter of sustainability practices.

In 2023, we garnered significant recognition for our strategic ventures and successful diversification into the SES segment. Our esteemed role as an electrical specialist and a trusted energy technical partner sets the tone for the Group as we pursue a strong growth trajectory. The Engineering segment will remain resilient and provide steady recurring revenue for the Group while the SES segment, bolstered by a robust order book and promising pending tenders, is well-equipped to ride the wave of a burgeoning global renewable energy market. The concerted drive for decarbonisation globally is expected to propel this segment forward in 2024.

Furthermore, the Engineering segment anticipates capitalising on Malaysia's infrastructure development renaissance, which will be supported by substantial ongoing projects and a revival in construction activities. In the SES segment, KAB is optimistically positioned to thrive in an industry buoyed by favourable global investment trends and technological advancements. Our portfolio, rich with CE, RE, and EE projects, is set to benefit from a landscape ripe with opportunities for technological innovation and resilient infrastructure. The Engineering segment looks to leverage Malaysia's major infrastructural initiatives can anticipate an influx of foreign direct investment that promises to bolster the domestic construction sector.

While we approach our future growth prospects with enthusiasm, we also understand the importance of agility and vigilance in today's dynamic business landscape. To sustain our momentum and navigate potential challenges, we have embedded a robust risk management framework into our operations, actively diversified our portfolio, and remain vigilant to regulatory changes. Our exceptional performance in 2023 validates our proactive investment strategies, better positioning us to confront challenges head-on. The Group's endeavours are evidenced by successes, including our pursuit of accelerated growth, which aligns closely with the anticipated firm electricity demand and the pace towards global transitioning for a cleaner and greener planet.

APPRECIATION

I extend my heartfelt appreciation to our esteemed shareholders and business partners for their unwavering faith and support in KAB, embracing our visionary outlook confidently. A special note of gratitude to our dedicated directors, management team, and the entire KAB workforce for their substantial efforts and commitment, which have been pivotal to our transformative journey, particularly during our successful rebranding initiative. This milestone not only marks a new chapter in KAB's legacy but also strengthens our presence as a forward-thinking leader poised to thrive in the energy market.

As we advance, we remain united in our mission to cultivate a business that prioritises sustainability and aims to establish a significant regional footprint. Our collective endeavours are geared towards creating lasting value for stakeholders as well as future generations.

Thank you for being an integral part of our path and for sharing in the success of our distinctive corporate journey.

Dato' Lai Keng Onn
Executive Deputy Chairman cum
Group Managing Director



Engineering Segment

In the wake of our Group's transformative rebranding, KAB's Mechanical and Electrical (M&E) segment—now aptly named the Engineering segment—has demonstrated remarkable resilience and strategic adaptability amid a volatile construction sector. Through judicious management of raw material costs and a relentless focus on operational efficiency, the segment has successfully maintained profitability, a commendable feat that highlights KAB's capacity to navigate fluctuating market conditions, global economic uncertainty and other underlying risks.

As we adopt a more selective approach in tendering projects for the Engineering segment, we conduct diligent reviews and monitor resource allocation. With increased projects and activities across the Group's segments, this process evaluates development progress and talent allocation between segments, ensuring a consistent driving force in achieving operational objectives. We remain vigilant regarding the growth and performance of this segment, aiming to enhance overall profitability with a resilience business plan for long-term robustness and adaptability for present and future integration, as well as potential uncertainties.

We remain **vigilant regarding the growth and performance** of this segment, aiming to enhance overall profitability with a resilience business plan for long-term robustness

GROUP PERFORMANCE

KAB's financial performance in FY2023 highlights our successful strategic redirection, characterised by a forward-thinking mindset and a pioneering business model in Malaysia.

The Group achieved a record revenue of MYR199.3 million, making a notable 6.6% increase from the previous fiscal year. The gross profit surged to MYR41.4 million, showcasing an exponential growth of 47.3% from MYR28.1 million reported in FY2022. Particularly noteworthy was the remarkable increase in Profit After Tax as it soared to a new record of MYR27.6 million, fuelled by the stellar performance of the SES segment.

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

Kinergy Advancement Berhad (“KAB” or the “Group”), formerly known as Kejuruteraan Asastera Berhad, was established in 1997 and underwent diversification on 17 November 2022. This transformation marked a bold initiative to redefine the company from an engineering entity to an energy-focused company.

With over twenty-six (26) years of professional engineering services, catering to diverse clientele from the construction and property sectors, KAB expanded its service expertise into the realm of innovative developments – now known as the Sustainable Energy Solutions (“SES”) segment. Recognising the common interests of its customers, such as the emerging needs for energy savings and operational optimisation, the Group is privileged to recognise its extensive skillset and know-how, enabling it to address and unlock possibilities for its customers. For the year 2023, the Group wishes to recognise its substantial progress in enhancing its business scalability through the exploration of innovative technologies and solutions, alongside its expanded presence across the Southeast Asia region.

Benefitting from a robust background in the engineering sector, KAB has successfully executed a multitude of projects, numbering one hundred and nineteen (119), spanning residential, industrial, and commercial developments. These projects have not only showcased its technical prowess but also its excellence in delivering results in every endeavour. From towering residential complexes to industrial facilities and bustling spaces, each project stands as a testament to its commitment to quality works and its expertise in the field of engineering.

A pivotal milestone was achieved in its corporate journey with a strategic rebranding initiative in the financial year ended 31 December 2023 (“FY2023”). This significant transformation articulated a clear strategic direction towards establishing itself as a holistic One-Stop Energy and Engineering Solutions Provider. This rebranding

represents more than just a milestone. It marks a shift in its business focus, complemented by clear objectives to scale, to expand and to diversify. This decision resonates with the Group's adeptness in seizing numerous opportunities and continuously enhancing its capability for business advancement.

The Group strategically leveraged its engineering proficiency to invest in an area of focus where sustainability and profitability meet. The addition of SES segment since 2018 has steadily borne fruit, evidenced by strategic milestones achieved in 2023. This is primarily reflected in its visible earnings profile, developed potential and the realisation of value creation for the Group and its stakeholders. As KAB spearheads visionary expansion, 2023 emerges as a pivotal year, shaping its renewed identity and solidifying its position well ahead of the curve. With pioneering force, KAB validates its expertise in providing sustainable energy alternatives, anchored by its extensive engineering experience.

Assured by the successful execution of numerous Engineering, Procurement, Construction and Commissioning (“EPCC”) projects, including recently awarded contracts by PETRONAS Gas Berhad (“PGB”), one standout example being the development of the 52.0 megawatt (“MW”) gas power plant project secured on 30 December 2022. Its robust EPCC capabilities and experience continue to drive operational milestones and enhance the trust placed in KAB as PGB's only local partner, with a stake in Sipitang Utilities Sdn. Bhd. (“SUSB”). This project, among others, illustrates its aptitude for handling large-scale, complex projects and delivering them with excellence.

On the acquisitions front, we prioritise investments aligned with the higher margin SES business model, particularly focusing on concession revenues. These revenues provide a compelling rationale for diversification due to their lucrative recurring income streams. Portfolio diversity is crucial for the Group's strategic goal of expanding its operational spectrum and fostering long-term development. Each selected investment aligns in concert with KAB's sustainable growth trajectory, aiming to sustain continuous innovation while contributing positively to the global energy transition targets. These considerations are vital in its decision-making process as it ensures the Group remains competitive in the ever-evolving business landscape and adapts to emerging trends and technologies.

Upon reflecting on its motives in 2023, the Group has prominently showcased the dual approach ingrained in their growth strategy: improving its operational efficiencies, expanding and repositioning market presence, all underpinned by three (3) key pillars defining its focused areas.

KINETIC INNOVATION:

This pillar emphasises KAB's dynamic and progressive approach to innovation, especially within the sustainable energy sector. “Kinetic” represents the Group's active pursuit of innovative technologies and solutions aimed at facilitating the transition to providing and optimising sustainable energy solutions for businesses. It embodies a proactive spirit focused on driving productivity and innovation to lead as the forefront of industry trends and advancements.

ADVANCING CAPABILITIES & SUSTAINABILITY:

At the core of KAB's mission lies a steadfast commitment to advancing technical expertise and championing sustainability across all aspects of its operations. From project selection to leveraging technical knowledge and technologies, addressing challenges and pursuing opportunities, these focal points epitomise KAB's dedication and astuteness in steering sustainable business development and environmental stewardship. In December 2023, KAB was included as one (1) of the eleven (11) new inclusion in both FTSE4Good Bursa Malaysia Index (F4GBM) and FTSE4Good Bursa Malaysia Shariah Index (F4GBMS), maintaining its three (3)-star ratings for its environmental, social and governance excellence for three (3) consecutive years.

BUILDING PARTNERSHIPS & FUTURE GROWTH:

KAB maintains an open approach to shared knowledge and pooled resources, recognising the value of establishing meaningful collaborations and partnerships as pivotal catalysts for success and expansion. Embracing diverse perspectives enables the delivery of more holistic outcomes. This approach is prominently demonstrated in the rapid expansion of KAB's SES segment across ASEAN, highlighting the importance of working closely with stakeholders to collectively propel progress and seize opportunities for growth in emerging markets.

The Group is confident that the groundwork laid in the previous fiscal year, coupled with its current growth trajectory, positions them favorably to capitalise on the increasing demand for sustainable energy solutions. This strategic pathway, marked by notable accreditations and certifications, has gained reputation in just five (5) years and holds significant potential for sustainable growth moving forward. In essence, the transformation journey undertaken by KAB has proven to be a resounding success. KAB is primed to assume a crucial role in pushing the boundaries of innovation and driving Malaysia's energy transition objectives forward.

BUSINESS SEGMENTS



SES segment

Asset Types	Total Capacity (kW)			GHG Emission Mitigated (CO ₂ e)		
	2023	2022	%	2023	2022	%
CE	3,500	3,500	0%	11,520	8,021	44%
RE	22,202	4,533	390%	54,395	2,955	1741%
EE	n/a	n/a	n/a	435	722	-40%
Total	25,702	8,033	220%	66,349	11,698	467%

The SES assets with capacity of 25.7MW displaced 66.3 tonnes of carbon dioxide equivalent (tCO₂e), a more than fourfold improvement. With our expanding SES assets portfolio, we are projecting approximately 10% of increase in greenhouse gas (GHG) emissions savings in the years to come.

The SES segment exhibited sustained growth and expansion, maintaining its effort to expand its share of recurrent income and explore various energy avenues. While the segment's business model remains centered on providing energy solutions to reduce the production costs, KAB has developed and reinforced viable alternative solutions to tackle operational challenges faced by businesses, while also adapting to changing needs. A noteworthy aspect of the Group's diversified objectives is its strong emphasis on helping its clients to become valued entities and stakeholders within their own supply chain. This approach, coupled with KAB's unique preposition and competitive edge, has created opportunities for its business and aligned with the growing interest in the global shift for energy diversification and sustainability.

The SES assets with capacity of **25.7 MW** displaced 66.3 tonnes of carbon dioxide equivalent (tCO₂e), a more than fourfold improvement.

Going forward, KAB will benefit from concession revenue generated by its completed acquisitions and ongoing opportunities, which will sustain the momentum of the SES segment.

At present, under the SES domain: Clean Energy Generation ("CE"), Renewable Energy Generation ("RE") and Energy Efficient ("EE") Solutions, offers a wide array of energy solutions, including solar, co-generation, waste heat recovery, gas engine power plant, bioenergy, hydroelectric power, chiller optimisation and building management system. This diverse range of offerings, supported by both completed and on-going projects, demonstrates the breadth and depth of its sustainable portfolio. With a highly skilled team equipped with integrated expertise, KAB's engineers are adept at navigating dynamic changes and technological advancements. They cover a spectrum of activities, including design, implementation, operations, and maintenance of solutions tailored to diverse industries.

The Group has completed acquisitions of a mini hydroelectric power plant, a biogas plant, and a solar PV rooftop asset. Moreover, it has made progress in the preliminary construction of Malaysia's first single largest gas engine power plant. Additionally, KAB has signed a Memorandum of Understanding ("MoU") with LCS Holdings Inc ("LCS"), a reputable in the Philippines, to explore a 20.0 MW solar farm development on 19 January 2024. Subsequently, on 28 February 2024, KAB Energy Holdings Sdn. Bhd. ("KABEH"), a wholly owned subsidiary of KAB, proposed the acquisition of shares in Tunjang Tenaga Sdn. Bhd., to develop a 9.6 MW hydro plant in Kedah, Malaysia.

These advancements will bolster KAB's SES portfolio and continue to substantiate its capabilities in operating various types of power plants, including future greenfield hydro projects. Importantly, they serve

as a solid accreditation to KAB's visionary endeavors and track record in the energy sector.

With an improved outlook and the potential for portfolio growth stemming from a favourable mix of projects, KAB will be well positioned to pursue additional large-scale SES projects. The SES portfolio has seen significant growth, with the count of concession assets doubling, escalating from six (6) to fourteen (14) as of 31 December 2023, compared to the previous year-end 31 December 2022. These assets include a co-generation plant, a waste heat recovery plant, ten (10) solar PV systems, a biogas plant and a mini-hydro plant, spanning across Malaysia, Thailand and Indonesia.



Engineering Segment

As the SES segment emerges from a solid foundation in electrical expertise, the Engineering segment of KAB continues to excel in providing comprehensive electrical services. In 2023, the segment completed twelve (12) projects, reflecting the continued growth and activity within this sector. These projects collectively contributed to a project value totaling MYR138.7 million, affirming the segment's enduring presence and commitment to delivering quality electrical engineering services.

KAB exhibits agility in recognising inherent challenges confronting the construction and property sectors, which are vulnerable to market fluctuations and volatile pricing conditions of raw materials. In response to the potential risks associated with weaker margins and uncertainties, the management has adopted a prudent approach to project participation. Despite the increased value creation resulting from expanding into the energy sector, the management remains focused on carefully allocating resources between segments.

While prioritising overall financial earnings, the management is acutely aware of the need to minimise disruptions to the operational performance across both segments. In this regard, adequately assessing and evaluating the engineering team is an essential area as KAB undergoes transformation. Upskilling is part of the strategy, along with implementing contingencies for necessary adjustments. With the Engineering segment being the foundation of KAB's legacy for the past twenty-six (26) years and the birth of SES segment, they are expected to complement each other in the future, driving significant progress and providing substantial support in navigating the challenges across landscapes and cross-segment development. This focused initiative aligns with KAB's pursuit of revolutionising traditional electrical engineering works moving forward.

STRATEGIC DEVELOPMENT AND OPERATIONAL HIGHLIGHTS



SES segment

Since 2018, KAB has taken on numerous strategic initiatives. In 2023, its wholly owned subsidiary, KAB Energy Holdings Sdn. Bhd. ("KABEH"), the key entity of KAB's SES business, pursued multiple strategic developments. These included acquiring new assets, securing profitable contracts, and forming synergistic partnerships.

1) EPCC Projects

The successful bidding of EPCC projects will deliver promising substantial gains in earnings and profile. The extensive scope of work necessitates experience and expertise in dealing with technological complexities. These achievements further affirm KAB's advanced technical capabilities to execute complex infrastructure projects.

Sipitang Oil & Gas Industrial Park 52.0 MW Gas Engine Power Plant Project

On 30 December 2022, KABEH received a Letter of Award from SUSB. Shortly thereafter, on 9 February 2023, it signed a share purchase agreement with PGB to acquire a 10.0% stake in SUSB. This inception of the 52.0 MW gas engine power plant project at Sipitang Oil & Gas Industrial Park marked a monumental progression for KAB, both in terms of project magnitude and strategic partnership. Awarded an MYR230.0 million EPCC contract by PGB, KAB has the distinction of being the first and only local technical partner entrusted with such a significant venture. This power plant is not only pivotal as the primary energy source for PGB's ZLNG project but also as Sabah's inaugural nearshore natural gas facility. SUSB will commence its supply of power to this facility over a twenty (20) year concession period upon completion of the construction of its plant. This serves as an excellent demonstration of KAB's capacity to undertake and execute projects of considerable scale and technical complexity.

In addition, the strategic acquisition by KABEH reinforces the Group's vested interest in the project's success. The partnership is a natural extension of KAB's strategy to intertwine its growth prospects with the advancement of Malaysia's energy sector. This move indicates KAB's agility in aligning with future energy trends and readiness to expand its EPCC project portfolio to include cutting-edge energy solutions.

PGB LNG Project at Pengerang

Subsequently, on 6 November 2023, PGB has awarded KABEH for expanding utilities and enhancing infrastructure for the PGB LNG Project in Pengerang, involving the transformation of 137,000m³ of Liquefied Natural Gas Carriers (LNGC) into a Floating Storage Unit (FSU). This further exemplifies KAB's strengthened EPCC capabilities. With a project value of MYR33.3 million, KAB is entrusted with providing utility supply for the new facilities and overseeing all project aspects from pre-construction to commissioning. This venture is crucial not only due to its engineering and logistical complexity but also for its strategic importance in enhancing Malaysia's LNG storage and distribution capabilities. KAB's role in this project highlights its multifaceted expertise, covering various aspects of the energy sector, from conventional power plants to complex engineering task such as facilitating shore power connections for the FSU.

Both awarded EPCC contracts mark significant milestones for KAB in 2023. The Group is optimistic that these contracts will attract greater opportunities and potential future collaborations within the industry.

2) Acquisition of New Assets

Entering Hydropower: Acquisition of PT Inpola Mitra Elektrindo ("PT IME")

Backed by shareholder approval at the Extraordinary General Meeting on 27 April 2023, the Group's strategic intention to acquire this 11.0 MW mini hydroelectric power plant in Indonesia has been successfully completed on 31 October 2023. PT IME has been successfully integrated into the Group following the expansion of SES entities. Notably, the plant operates under a twenty (20)-year Power Purchase Agreement ("PPA") with PT Perusahaan Listrik Negara ("PLN"), the state-owned electricity company of Indonesia and began commercial operations on 12 October 2021. It is expected to generate a stable recurring income, with an estimated concession value of MYR227.0 million. With this strategic move, PT IME now stands as a major contributor to earnings growth within the SES segment. This acquisition marks the Group's debut in the hydropower sector and broadens its SES portfolio with additional renewable energy generation solutions.

Solar Energy Focus: Matahari Suria Sdn. Bhd. ("MSSB")

Solar energy stands as one of the primary energy solutions within the SES portfolio, leading the way with a successful acquisition on 25 July 2023. KABEH completed its first acquisition of the year with the procurement of MSSB. MSSB operates a solar photovoltaic ("PV") system installed atop the campus of Universiti Teknologi Malaysia, Kuala Lumpur. It holds a renewable energy power purchase agreement with TNB, supplying energy under a feed-in tariff concession until 2037. This acquisition has begun to contribute to KAB's financial performance since the 3rd quarter of 2023.

The Group has fostered cooperative relationships by

leveraging collective resources, facilitating entry

into diverse energy domains



A Biogas Venture: Future Biomass Gasification Sdn. Bhd. ("FBG")

KABEH entered an agreement with Future NRG Sdn. Bhd. ("FNSB") for the purpose of acquiring the entire equity held by FNSB in FBG together with its 2.4 MW biogas plant in Kuala Ketil, Kedah, Malaysia. Following the completion of acquisition announced on 16 November 2023, FBG has immediately positively impacted KAB's annual revenue. This addition, the premier biogas plant in KAB's SES portfolio, is projected to fuel segment growth. An existing Renewable Energy Power Purchase Agreement ("REPPA") with Tenaga Nasional Berhad ("TNB") will continue until 2034. This long-term agreement ensures a stable and predictable stream of revenue.

Complementing this acquisition is the strategic collaboration entered by KABEH on 12 December 2023 with Agromate Holdings Sdn. Bhd. ("Agromate"), one (1) of Malaysia's top 2 leading fertiliser companies. This partnership is expected to provide greater accessibility to a broad network of 500 plantation customer groups, extending across Asia, Africa, North America, and Europe. This partnership is poised to elevate the efficiency and sustainability of KAB's bioenergy initiatives, marking a significant step in innovating the palm oil industry with cleaner and more efficient renewable energy generation solutions.

Strengthening Operational Performance Through Expanding Networks

KAB Strengthens its Energy Horizons in ASEAN through Collaborations and Partnerships

The Group has fostered cooperative relationships by leveraging collective resources, facilitating entry into diverse energy domains. With demonstrated operational proficiency and financial strength, forging alliances with industry players strategically shapes KAB's trajectory more promisingly and extends the reach of its resources. In 2023, KAB forged eight (8) impactful partnerships, including holding a stake in one of PGB's subsidiaries, collaborating with Malaysia's Energy University, and joining sustainability efforts with Bursa Malaysia ("Bursa"), Mah Sing Berhad ("Mah Sing") and Alliance Bank Malaysia Berhad ("Alliance Bank"), to name a few. These collaborations were formed on a foundation and trust in each other's expertise and capabilities to deliver.

Strengthening Regional Energy Networks

Educational Synergy with Universiti Tenaga Nasional ("UNITEN")

Further strengthening its expertise exchange, KAB has entered an MoU with UNITEN on 25 May 2023. Recognising UNITEN as an energy-focused university with aligned areas of focus, both parties have joined forces to explore collaboration opportunities, exchanging expertise, experiences, and skills through a five (5) year agreement. On 30 November 2023, KAB took the initiative to participate in their scholarship program, advancing this collaborative effort with UNITEN. This educational partnership aims to offer the next generation opportunities to excel as energy professionals, enabling talent succession in the Group's ongoing expansion efforts.

Green Technology Adopters: Driving Sustainability Efforts with Bursa, Mah Sing and Alliance Bank via Bursa Malaysia Centralised Sustainability Intelligence Platform (CSI)

Subsequently, on 20 September 2023, KAB reaffirmed its sustainability commitment through a prestigious collaboration with Bursa Malaysia, Mah Sing and Alliance Bank. By participating in CSI under Mah Sing's supply chain sustainability improvement program as an early adopter, KAB embarked on a significant ESG and sustainability journey, setting an example for other businesses and investors to follow in transformative sustainability initiatives.

Expansion into the Philippines market with LCS

Demonstrating its growing influence in the region, KAB entered into a Head of Agreement formed a partnership with LCS on 19 January 2024 to collaborate on the development of a 20.0 MW solar farm project in Santa Ilocos Sur, with prospects to scale up to 100.0 MW. This venture, secured with all necessary contracts and permits, promises to deliver long-term, stable revenue streams by exporting energy to local markets.

3) Strategic Financing for Sustainable Expansion

KAB executed a robust expansion strategy through strategic financing and capital management, exemplified by two (2) successful private placements, completed on 5 October 2023 and 29 January 2024. These placements secured MYR60.95 million in capital, providing an impetus for its growth initiatives. The Group's continuous executive of its strategic plan has furthered solidified support from shareholders, reflecting increased confidence in its future endeavours.

Further to that, on 6 October 2023, KAB formalised an MoU titled Powering a Sustainable Tomorrow: Innovate, Invest & Impact with Alliance Bank at the International Greentech Eco Products Exhibition Conference Malaysia, recognised as Southeast Asia's largest trade event for green technologies and eco solutions. This collaboration extended KAB's capacity to access Alliance Bank's preferential financial solutions tailored to SES projects, with Alliance Bank becoming KAB's primary banking institution for green project financing, under a two (2) year agreement. This reinforces their support for KAB's initiatives in SES, ESG and sustainability development.

FINANCIAL OVERVIEW

KAB's financial performance for FY2023 highlights the successful execution of its strategic initiatives, particularly the pivot towards the SES segment.

The Group's focus on sustainable energy and strategic acquisitions has not only driven revenue growth but also substantially improved profitability. With a strong asset base and strategic investments poised for future growth, KAB is well-positioned to continue its trajectory as a leading provider of energy and engineering solutions. This overview provides a detailed analysis of KAB's financial outcomes, underscoring the contributions of its key segments and strategic activities over the financial period.

MANAGEMENT DISCUSSION & ANALYSIS

Revenue Performance

KAB achieved a significant milestone in its financial performance, with a record-breaking revenue of MYR199.3 million in FY2023. This represents a notable increase of 6.6% from the previous financial year's revenue of MYR187.0 million.

The primary driver behind this impressive growth is the Group's strategic shift towards its SES business. KAB have made strategic acquisitions within the renewable energy sector, which have fuelled growth and expanded its market presence.

Gross Profit and Profitability

The Group's gross profit for FY2023 increased to MYR41.4 million, representing a substantial 47.3% growth from FY2022's MYR28.1 million. This increase indicates improved operational efficiency and better pricing strategies despite the challenging operating environment with higher raw material and labour costs.

The Group's Profit After Tax ("PAT") for FY2023 soared to a new record of MYR27.6 million, marking an exponential growth of almost tenfold from the MYR2.8 million profit reported in FY2022. This surge in PAT was primarily driven by impressive growth in the SES segment results, which increased by 813.3% to MYR29.3 million, attributable to the contribution from new projects and also gains arising from the acquisition of new entities in the renewable energy business.

Breakdown by Segments

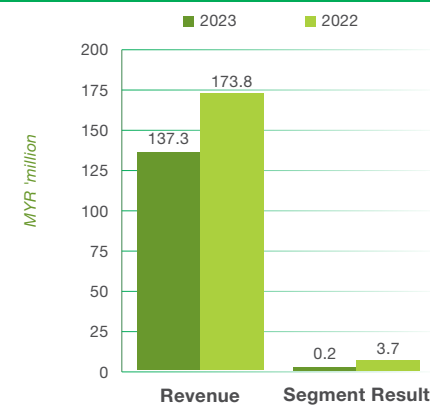
In terms of revenue contribution to the total, the Engineering segment accounts for approximately 68.9%, while the SES segment contributes about 29.6%, and other segments make up a negligible portion.

Despite the Engineering segment generating a larger portion of the revenue, the SES segment contributes significantly more to the Group's profits. The SES segment's result is more than one hundred and twenty-seven (127) times that of the Engineering segment, highlighting its higher profitability and efficiency.

Engineering Segment

The revenue of the Engineering segment decreased from MYR173.8 million to MYR137.3 million, indicating a drop of 21.0%. This decline is attributed to the softening of the property market, which resulted in lesser demand for engineering services.

Additionally, the segment result also decreased by 93.7% from MYR3.7 million. Apart from the impact of lower revenue, this decrease could be influenced by various factors, one of which is the profit margin of the industry being affected by commodity prices, particularly copper and iron ore. Fluctuations in the prices of these commodities can significantly impact the costs involved in the operations, thereby affecting its profitability.



SES segment

SES segment reported a significant increase in both revenue and results for the financial year. The revenue surged to MYR59.0 million, marking a more than fivefold increase. This remarkable growth is attributed to contributions from newly developed projects and subsidiaries acquired during the year.

Furthermore, the segment's result amounted to MYR29.3 million, representing a substantial increase of more than 800%. This improvement is mainly attributed to several factors:

- Better Tariffs: Higher revenue caused by increase of ICPT.
- Contribution from New Assets: Newly developed projects and acquisitions contributed significantly to the segment's performance through the expanded market presence.
- Gains from Acquisition: The acquisition of new entities in the renewable energy business contributed positively to the segment's results, including the gain recognised on the bargain purchase.



Assets and Liabilities

KAB's total assets witnessed a substantial increase, reaching MYR435.8 million in FY2023, up from MYR286.9 million in FY2022. This growth is largely fuelled by the expansion of the SES portfolio and the addition of related concession assets, reflecting the Group's strategic investments in sustainable energy. Concurrently, total liabilities rose to MYR223.8 million, attributed mainly to heightened borrowings to support the Group's expanding operations and strategic initiatives.

Equity and Gearing

Shareholders' equity experienced growth, escalating by more than 50% to MYR212.0 million in FY2023, compared to MYR137.0 million in FY2022. The increase is significantly supported by the notable rise in retained earnings and the increase in ordinary shares, underlining the Group's robust financial management and strategic capital allocation. The net gearing ratio increased to 0.3 times, which presents room for further expansion.

FUTURE OUTLOOK AND GROWTH

SES segment

KAB's Sustainable Energy Solutions Poised for Growth Amid Global Energy Crisis

Throughout the year, KAB experienced substantial growth across SES segment, closely mirroring the upward trajectory of the global energy market in 2024. The anticipated continuation of elevated crude oil, coal and natural gas prices in 2024, driven by factors such as constrained supply, increased geopolitical risks, and increasing global energy demand, bodes well for the profitability of energy equipment and services companies. This positive outlook suggests a potential increase in investments to meet the rising demand for energy commodities and improved access to electricity.

In FY2023, KAB's SES secured a robust order book worth MYR784.0 million, along with pending tenders amounting to a substantial MYR3.0 billion. These figures indicate strong demand for the segment's services and solutions. Furthermore, positive trends in improving access and security to electricity have made energy a competitive sector. The International Renewable Energy Agency (IRENA) has highlighted the need for substantial investment in renewables, energy efficiency, and enabling technologies and infrastructure by 2030. It is estimated that up to USD415.0 billion of investment will be required until 2050. Approximately 40% of this investment will be allocated to building renewable power capacity, while one-third will be dedicated to grids and flexibility. The remaining funds will be distributed across end-use sectors to enhance system efficiency and flexibility for the cost-effective integration of renewables. These highlight the capacity for continued growth, regional investment opportunities and increased competitiveness in the coming years.

KAB, as an energy-focused company, is well-equipped to support the development of integrated long-term energy planning strategies. Its diverse business offerings are able to address pressing needs like rising utilities costs, production cost reduction, resources optimisation and waste reduction, thus enhancing energy security and reducing emissions. One of KAB's key strengths lies in its emphasis on clean energy generation, which aligns with the Malaysian government's increased financing for clean energy. This emphasis supports products tailored to accelerate Malaysia's transition towards energy security, accessibility and sustainability.

With resilience and affordability guiding future endeavours, the robust expansion of CE, RE, and EE technologies become crucial for accelerating change. Malaysia's heavy reliance on fossil fuels presents both challenges and opportunities for progress. However, with its renewed commitment to achieve carbon neutrality by 2050, Malaysia is actively accelerating climate action by implementing several important reforms across the energy industry. This commitment demonstrates its participation in global efforts for deep emissions cut and increased climate finance.

While solar PV dominates the energy market, emerging renewable sources and clean technologies like carbon capture, transport, storage and utilisation (CCUS), as well as energy storage technologies, are gaining prominence. Waste heat recovery, hydroelectric power and bioenergy also contribute significantly to strengthening the clean energy supply chain, offering solutions to fortify a diversified energy mix. Looking ahead, in the broader energy, resources and industrial landscape, 2024 is expected to witness continued effects of energy tax incentives, investments in renewables and energy efficiency and the implementation of more effective policy mechanisms.

MANAGEMENT DISCUSSION & ANALYSIS

As more companies join global initiatives like RE100 and prioritise decarbonisation in their supply chain, energy demand is expected to rise. There will be focus on improving grid resilience and adopting sustainable technologies, including renewable energy deployment and reshoring clean energy manufacturing for stronger supply chains. The sector's growth is expected to vary in speed, driven by historic investment, competitiveness, and demand, all contributing to the transformation of energy distribution, ensuring energy security, and maintaining the fiscal balance.

As the sole One-Stop Energy and Engineering Solutions Provider in Malaysia, KAB anticipates substantial growth in the SES segment, aligning with prevailing trends

and strategic directions. Through its portfolio, which now includes various solar power projects in Malaysia and Thailand, cogeneration and waste heat recovery projects, and successful acquisitions of a hydropower plant in Indonesia, and a biogas plant in Kedah, Malaysia. Additionally, projects like constructing and co-owning nation's first single largest gas engine power plant and LNG infrastructure enhancement for PGB further expand its capabilities and potential market share in the sustainable energy space. Centered on broadening its customer base and pursuing innovative sustainable opportunities across Southeast Asia, KAB's SES segment is positioned to capture long-term growth prospects and fortify its resilience in the evolving energy landscape.



Engineering Segment

Malaysia's Construction Industry to Boost Demand of the Engineering Segment

As we step into 2024, the construction industry in Malaysia is on the brink of a significant upturn. The expected rollout of major infrastructure projects, along with a stabilisation in political landscapes, heralds a new era of growth and opportunity for the engineering business segment.

According to the Malaysia construction industry report 2024-2033, with an estimated market size of USD67.3 billion in 2033, the engineering industry is positioned to maintain its influential role and prominent position among Malaysia's six (6) main sectors. These sectors include commercial construction, industrial construction, infrastructure construction, energy and utilities construction, institutional construction and residential construction. With the Malaysian government's renewed focus on launching more significant infrastructure projects, the country's economic landscape is set to undergo a transformation. This momentum will inject

vitality into the engineering segment, paving the way for a transformative decade for Malaysia.

KAB's Engineering segment, boasting an order book balance of approximately MYR155.0 million and pending tenders worth MYR210.0 million, is expected to benefit from Malaysia's revitalised infrastructure development. This lays a strong foundation for increased demand for residential, commercial and industrial projects, as well as heightened investment in infrastructure projects. The significant influx of foreign direct investment ("FDI"), particularly in real estate and commercial construction, is expected to spur a wide range of construction activities. This includes the construction of factories, data centers, and warehouses to accommodate the global trend of supply chain reshoring. KAB's well-established expertise as an electrical specialist, combined with its solid order books in the Engineering segment, highlights its prominent role in contributing to the construction industry's growth within the nation.

RISKS

Diving into a new segment in 2023 prompted KAB to widen its scrutiny and recognition of its principal, residual and emerging risks.

Economic challenges stemming from the global pandemic and post-pandemic recovery persist as ongoing concerns for KAB. The uncertain global economic climate, characterised by potential fluctuations in interest rates, inflation, and foreign exchange rates, continues to pose risks that may result in execution deferrals and changes to the political and economic landscapes. These major inevitable risks shared between the Energy and Engineering segments are the volatility of raw material prices and global economic uncertainty and policy risks.

Raw Material Prices Volatility

Fluctuations in the prices such as those of copper and iron ore prices in the Engineering segment and fossil fuels and oil in energy segment, can directly affect the production costs and operational expenses. Sudden spikes or declines in commodity prices have the potential to disrupt the supply chain, diminish profit margins and escalate operational expenses.

KAB will maintain diligent oversight of the commodity prices affecting its key raw materials in both energy and engineering segments. Regular reviews will be conducted to ensure that appropriate and adequate mitigation measures are in place, allowing for swift implementation to address any necessary adjustments in response to market fluctuations.

Global Economic Uncertainty and Policy Risks

In 2023, Malaysia's annual Gross Domestic Product ("GDP") grew by 3.7%, slightly below the target of 4.0% to 5.0% due to weakness in its exports. Official forecasts and market research expect Malaysia's GDP to improve to 4.7% in 2024, supported by the recovery in external trade and sustained growth in domestic demand. A stronger recovery in China and supportive global commodity prices are also expected to boost Malaysia's external front in 2024.

While the economic and equities market growth prospect for 2024 remain cautiously optimistic, several factors that influenced 2023 are expected to persist. For instance, interest rates are projected to hover above 3.0% in 2024, partly due to the roll-out of targeted fuel subsidies. This will likely remain a key factor constraining downside risks, including policy tightening and concerns regarding inflation and geopolitical risks.

Continuous evaluation and adjustment are crucial to mitigate uncertainties, particularly in response to changing market conditions, government regulations, trade policies, and macroeconomic factors. These factors can create ripple effects across sectors, impacting the demand for construction services, engineering expertise, and related products and technologies.

Project Execution Risks

Renowned for its expertise in electrical works within the Engineering segment and its involvement in mid to large-scale complex construction and infrastructure projects in the SES segment, KAB faces risks that can manifest at different stages of project development. These risks encompass regulatory hurdles such as delays in obtaining necessary approvals or permits, as well as unforeseen technical challenges like equipment failures or adverse weather conditions, which can extend project timelines and impact budgets. Additionally, these challenges may give rise to contractual and legal risks due to disrupted project progress.

Leveraging its valued engineering expertise, KAB has demonstrated its capacity to manage a diverse range of SES asset portfolios. In 2023, KAB intensified its focus on risk mitigation, managing contingency plans and funds while pursuing ambitious growth objectives. Its successful engineering projects have enabled a smooth transition into the SES segment.

Additional efforts have also been made to prioritise the skill development of engineers within the organisation. Noteworthy developments in 2023 include the appointment of energy professionals to the board of KAB and recruiting industry talents to support projects requiring extensive technical expertise. These strategic initiatives have made KAB more resilient and positioned it as a distinctive market leader, ready for ongoing success in the changing energy and engineering landscape.

Conclusion: Strategic Agility to Navigate Forward Momentum

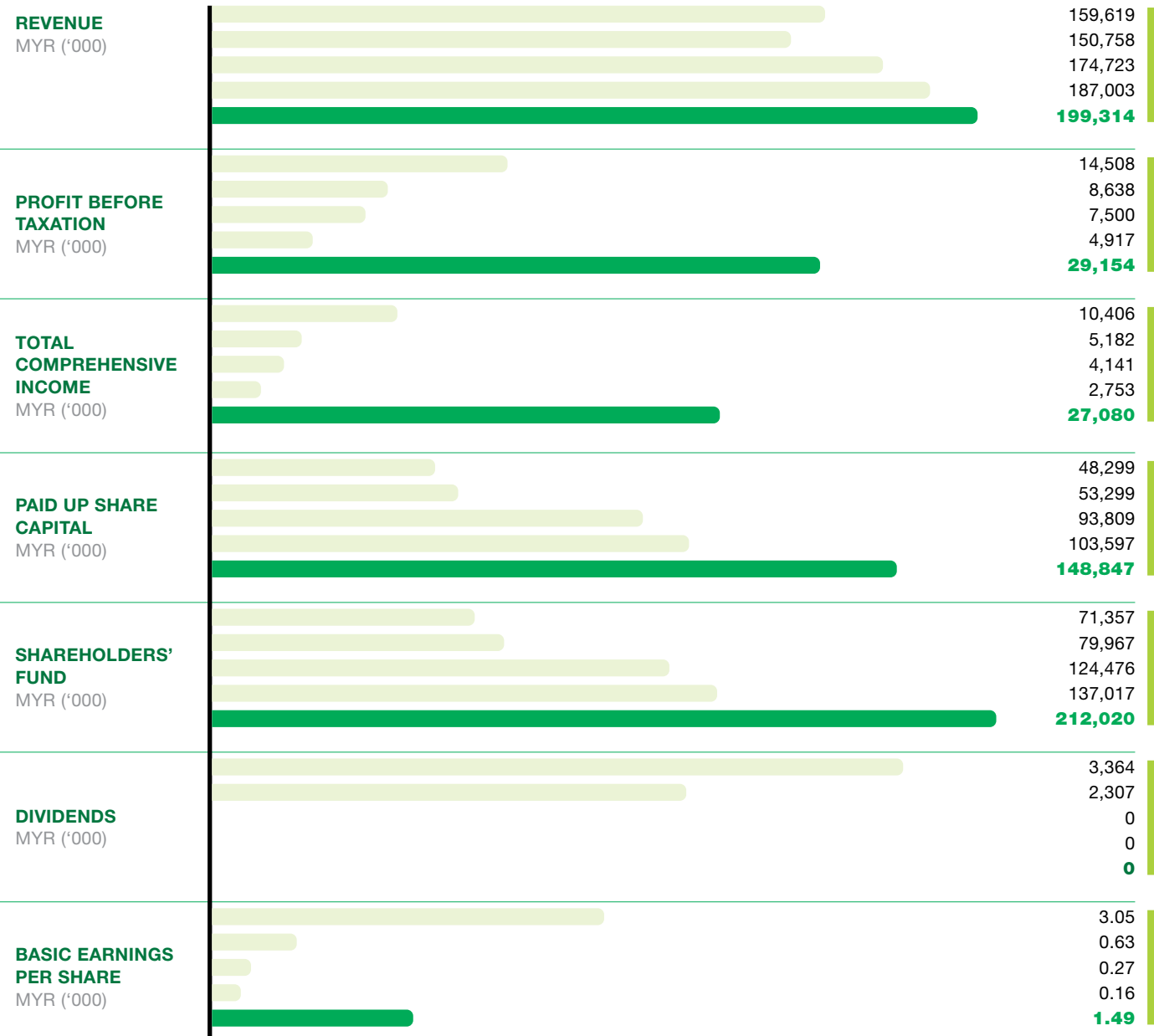
As KAB concludes FY2023 and looks ahead, its SES segment, buoyed by global renewable energy trends and substantial order books, is poised to chart a course of expansive growth. Simultaneously, the Engineering segment is set to leverage the resurgence of Malaysia's construction sector. Yet, KAB is cognisant of the multifaceted risks that loom on the horizon—including raw material price volatility and economic uncertainties. Through vigilant risk management, astute technological investments, and agile manoeuvres, KAB is fortified to navigate these challenges and harness opportunities, ensuring sustained growth and leadership in driving a to drive the sustainable future in Malaysia and across ASEAN.

Market Penetration with Government's Support and Green Initiatives

In 2023, both segments experienced a surge in industry-specific support aimed at fostering growth potential. This favourable environment has enabled KAB to enter the energy market while leveraging its engineering expertise. The introduction of targeted tax incentives and reforms, such as government grants, preferential tax rates, financing rebates and national energy transition roadmap, has eased the burden on energy asset investors and spurred positive changes for the nation. While KAB stands to benefit from providing alternative sustainable energy solutions to meet demand-side opportunities for CE, RE, and EE solutions, it is essential to manage inherent risks and other potential limitations as it expands its outlook.

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

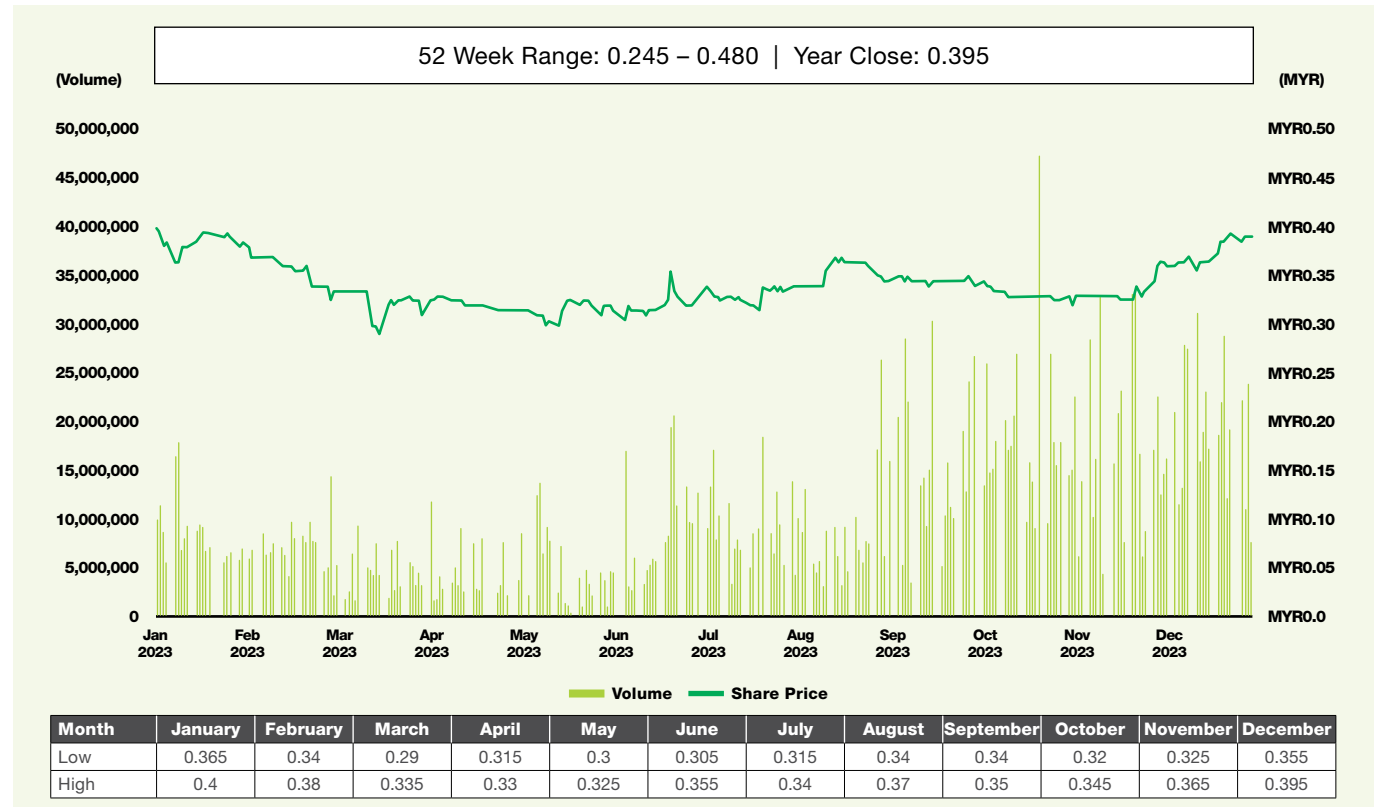
Financial Year Ended Dec-31	2023 MYR ('000)	2022 MYR ('000)	2021 MYR ('000)	2020 MYR ('000)	2019 MYR ('000)
Revenue	199,314	187,003	174,723	150,758	159,619
Profit/(Loss) Before Taxation	29,154	4,917	7,500	8,638	14,508
Total Comprehensive Income	27,080	2,753	4,141	5,182	10,406
Paid Up Share Capital	148,847	103,597	93,809	53,299	48,299
Shareholder's Fund	212,020	137,017	124,476	79,967	71,357
Dividends	-	-	-	2,307	3,364
Basic Earning Per-Share (Sen)	1.49	0.16	0.27	0.63	3.05



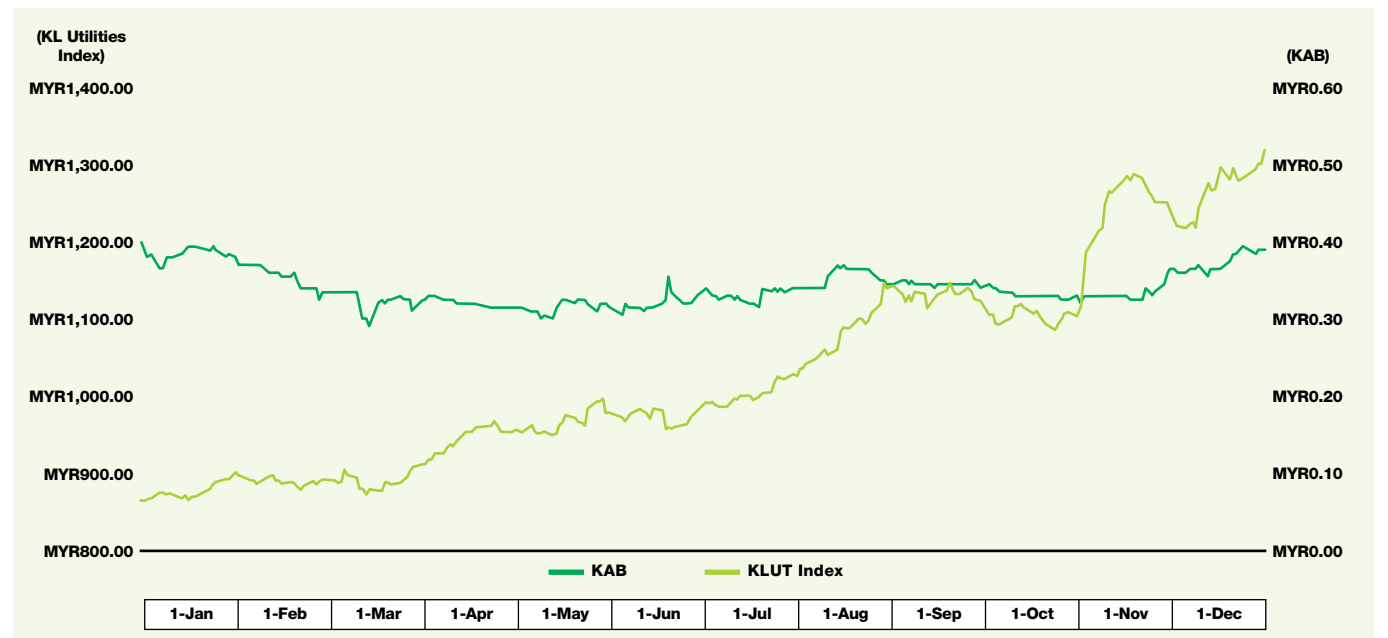
SHARE PERFORMANCE HIGHLIGHTS

Kinergy Advancement Berhad ("KAB" or "the Company")

SHARE PRICE AND VOLUME (3 Jan 2023 – 29 Dec 2023)

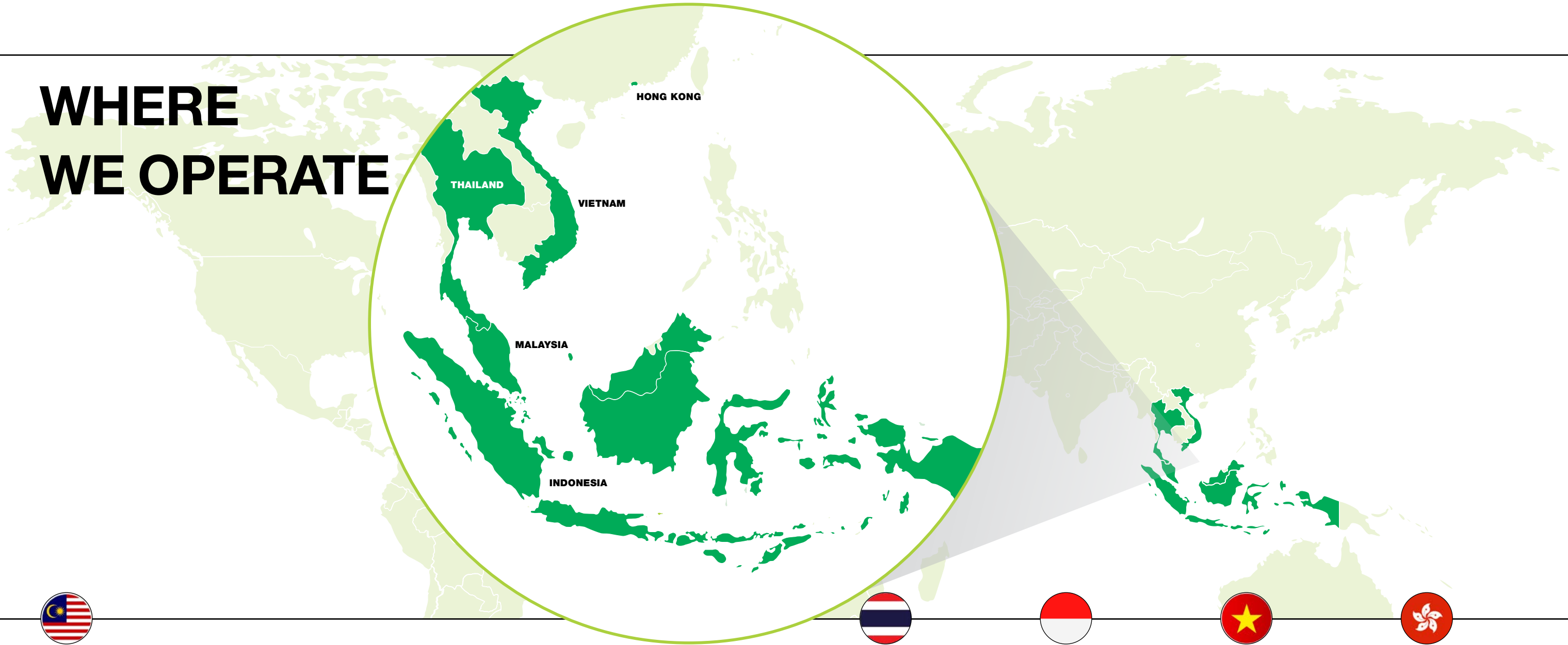


HISTORICAL SHARE PRICE AND KL UTILITIES INDEX (KLUT INDEX)



REGIONAL EXPANSION

WHERE WE OPERATE

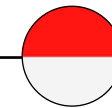


- KINERGY ADVANCEMENT BERHAD
(Formerly known as Kejuruteraan Asastera Berhad)
- KAB ENERGY HOLDINGS SDN. BHD.
- KAB ENERGY POWER SDN. BHD.
- KAB CORE CONNECT O&M SERVICES SDN. BHD.
- KAB CAREWELL O&M SERVICES SDN. BHD.
- KAB SMART SOLAR ENERGY SDN. BHD.
- KAB GREE SOLAR SDN. BHD.
- KAB M&E SDN. BHD.
- MAYANG HIJAU SDN. BHD.
- DYNAGEN POWER (M) SDN. BHD.
- KIEV CRG SDN. BHD.
- SIPITANG UTILITIES SDN. BHD.
- MATAHARI SURIA SDN. BHD.
- FUTURE BIOMASS GASIFICATION SDN. BHD.
- KAB TECHNOLOGIES SDN. BHD.

- KAB TELCO SDN. BHD.
- KAB ROBOTIC & AUTOMATION SOLUTIONS SDN. BHD.
- KABT UNIFIED ENG. SOLUTIONS SDN. BHD.
- KAB INTEGRATED NETWORKS SDN. BHD.
- KAB TGREEN ENERGY SDN. BHD.
- KAB SIGNATURE MANAGEMENT SDN. BHD.
- ECONERGY PLUS SDN. BHD.
- ELIQ MANAGEMENT SDN. BHD.
- TVT LINK TECH SOLUTIONS SDN. BHD.
- COMTEST ELECTRICAL SERVICES SDN. BHD.
(Formerly known as Z Energy Power Sdn. Bhd.)
- SIGNIFICANT TECHNOLOGIES SDN. BHD.
- GENPLAN ADVISORY & MANAGEMENT SDN. BHD.
- ISENZE SDN. BHD.



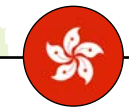
- KAB TECHNOLOGIES THAI CO., LTD.
- ENERGY OPTIMIZATION (THAILAND) CO., LTD.
- KAB GREE SOLAR THAI CO., LTD.
- ITRANS GREEN ENERGY THAI CO., LTD.
(Formerly known as Sure Green Co., Ltd.)



- PT INPOLA MITRA ELEKTRINDO



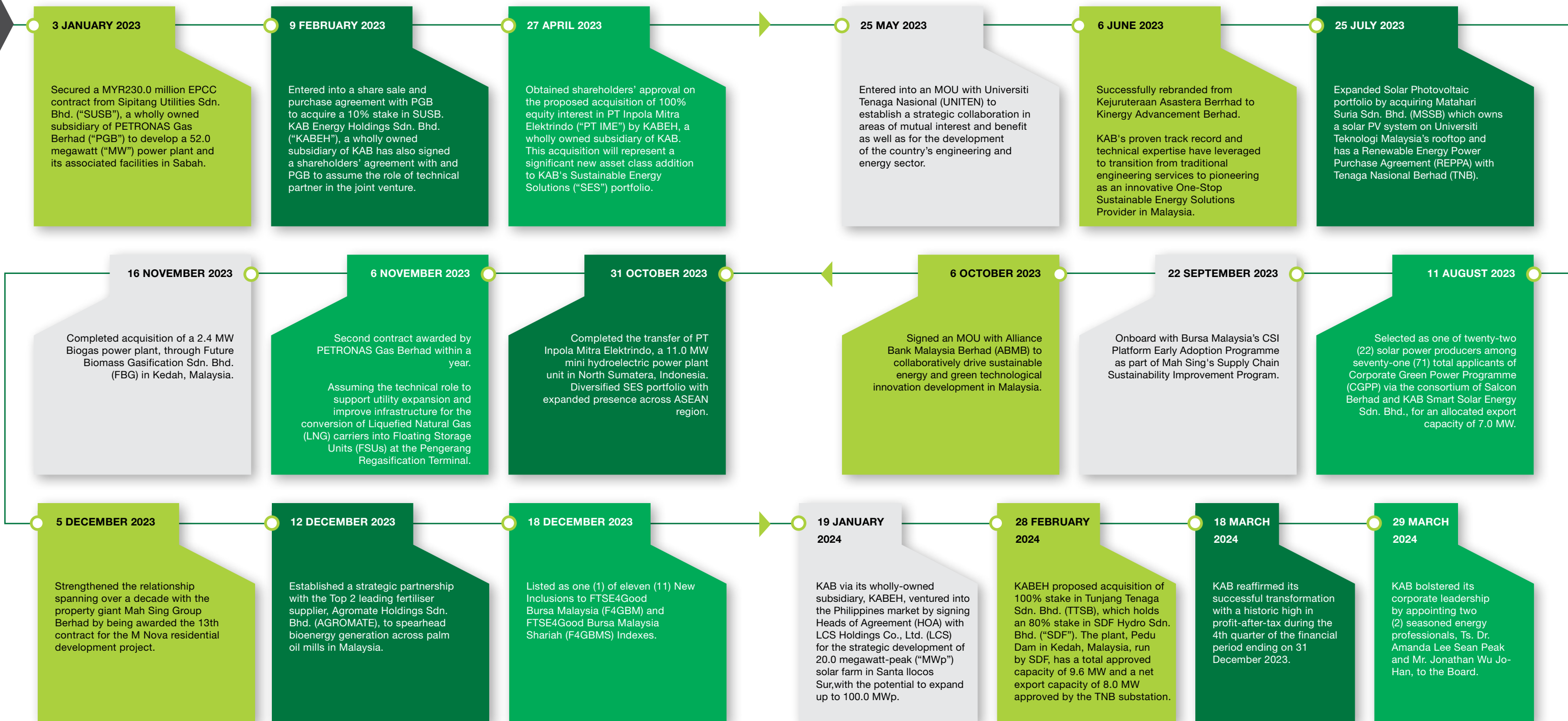
- V-TEZ INTELLIGENT SOLUTIONS (V) CO., LTD.



- KAB (HK) INVESTMENT CO., LTD.

CORPORATE EVENTS 2023

ANNOUNCEMENTS & EVENTS



SUSTAINABILITY STATEMENT

ESG & SUSTAINABILITY AT KINERGY ADVANCEMENT BERHAD

As we continue to progress in our ESG & sustainability agenda since 2020, KAB has effectively integrated these principles into its business operations and expanded its influence within its supply chain, aiming to make a greater impact. In a relatively short period, KAB has advanced this journey significantly, showcasing that its strategic decisions are grounded in the right principles, oversight, and practices. Achieving the highest governance scores across the E, S, and G elements is a testament to its commitment to best practices. The company strives to lead by example, continually pursuing sustainability excellence through innovation, collaboration, and the creation of value through sustainability initiatives.

"Together, let's build a brighter, more sustainable tomorrow. One Step At a Time."



Please scan this QR Code for full version of our Sustainability Report 2023

KAB'S SUSTAINABILITY FRAMEWORK AND MANAGEMENT APPROACH

VISION

To position KAB as a holistic One-Stop Solutions Provider for Sustainable Energy Solutions while fostering a sustainable future

MISSION

To continuously improve our engineering competencies to new heights while reducing global carbon footprint by providing a cleaner and sustainable alternatives which promotes energy efficiency and performance

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



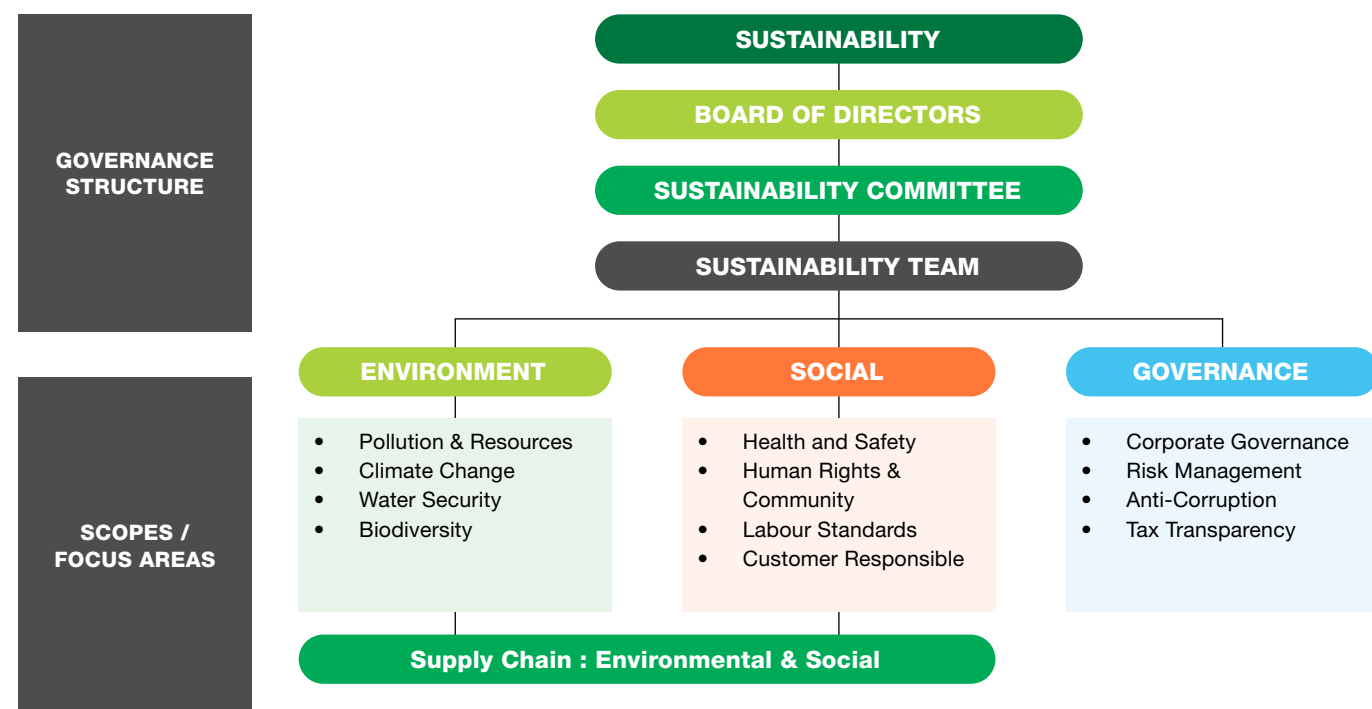
SUSTAINABLE GOALS



ACHIEVEMENT



A constituent of FTSE Bursa Malaysia EMAS (FBM EMAS) Index in 2021, 2022 & 2023
Listed in FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index on December 2023



MATERIAL TOPICS AND MANAGEMENT APPROACH

In 2023, the Group had conducted the stakeholder and material assessment which resulted in ten (10) material topics:

- Training, education, and competency building
- Responsible Supply Chain Management
- Corporate governance, ethics, and compliance
- Anti-corruption and anti-bribery
- Responsible procurement and sustainable supply chain
- Occupational health and safety standards and practices
- Reducing materials and waste
- Economic performance and business resilience
- Market presence and local economic development
- Responsible marketing and communications, and fair dealing

The Group had established a comprehensive suite of policies, charter and codes, terms of reference, procedures and standard practices, which provide a systematic guide on the expected behaviours and practices in all interactions with and within the Group as well as managing the aspects and impacts of the Group. These documents are reviewed, approved and registered into the Integrated Management Systems (IMS) of the Group and readily accessible on the Group's Corporate Governance portal: <https://www.kinergyadvancement.com/corporategovernance.html>

EXTERNAL VALIDATION / ASSURANCE

KAB had been assessed and obtained four (4) ISO certifications from NQA Malaysia:

- **ISO14001:2015** Environmental Management Systems
- **ISO9001:2015** Quality Management Systems
- **ISO45001:2018** Occupational Health & Safety Management Systems
- **ISO37001:2016** Anti-Bribery Management Systems

KAB's Green House Gas Inventory for Year 2021, 2022 and 2023 had been reviewed and audit assessment had been completed on 20 March 2024 by an external party, Eco-Ideal Consulting Sdn. Bhd., a qualified and competent consultant, whom specialised in carbon management and advisory service.

REPORTING STANDARDS

Global Reporting Initiatives (GRI) Standards

EVENT HIGHLIGHTS



**CULTURE & CONNECTION:
HARI RAYA POTLUCK**

15 MAY 2023



**ACADEMIC PARTNERSHIP:
KAB x UNITEN MOU SIGNING CEREMONY**

25 MAY 2023



26TH ANNIVERSARY ANNUAL DINNER

10 JUNE 2023



**BOARD OF DIRECTORS
WASTE HEAT RECOVERY PLANT SITE VISIT**

12 APRIL 2023

**THE ESG CAMPAIGN:
ASCENT**

26 AUGUST 2023



20 SEPTEMBER 2023

**STRATEGIC COLLABORATION:
KAB x ALLIANCE BANK
MOU SIGNING CEREMONY**



7 OCTOBER 2023

**REBRANDING EXERCISE:
LAUNCHING CEREMONY**

7 JUNE 2023



**EMPOWERING THE YOUTH:
CAREER FAIR**



**STRATEGIC PARTNERSHIP:
BURSA'S CSI PLATFORM COLLABORATION
KAB x BURSA x ALLIANCE BANK x MAH SING**



13 MAY 2023

**AWARENESS TRAINING:
ENVIRONMENTAL ASPECTS & IMPACT**



EVENT HIGHLIGHTS



MONASH UNIVERSITY ESG SYMPOSIUM: KAB AS AN EXCLUSIVE PANEL SPEAKER

26 OCTOBER 2023



CSR & HEALTH AWARENESS: 5KM CHARITY FUN RUN

3 DECEMBER 2023



IMPROVED STAKEHOLDERS ENGAGEMENT WITH THE LAUNCHING OF KAB NEWSLETTER IN DECEMBER 2023

22 DECEMBER 2023



ACT OF SERVICE II: CSR DONATIONS - 4 NGO CENTERS

6 JANUARY 2024

18 MARCH 2024

STRENGTHENING LEADERSHIP: STRATEGIC BOARD OF DIRECTORS APPOINTMENTS



19 JANUARY 2024

VENTURE INTO THE PHILIPPINES WITH 20.0 MW SOLAR FARM PROJECT: KABEH x LCS HOLDINGS INC



28 DECEMBER 2023

SCHOLARSHIP ENDORSEMENT: KAB x UNITEN



19 FEBRUARY 2024

CULTURE & CONNECTION: CHINESE NEW YEAR LUNCHEON



ESG INITIATIVES: REFORESTATION PROJECT, INDONESIA



ACT OF SERVICE I: SWCORP TRASH TO CASH EVENT

9 DECEMBER 2023

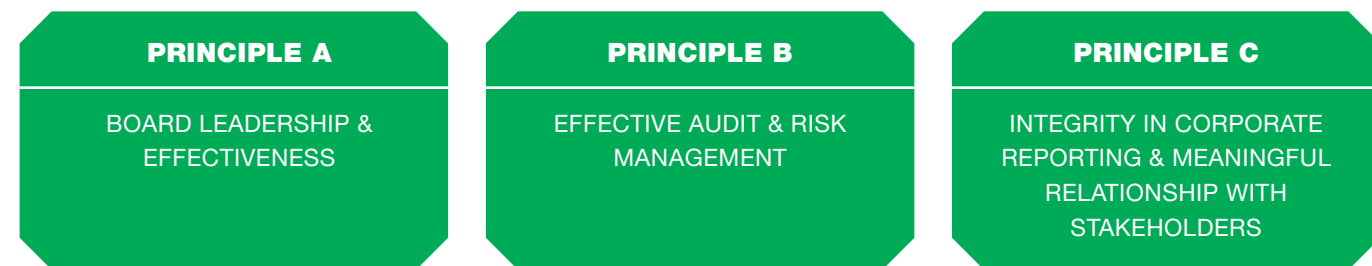


CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

The Board of Directors (“the Board”) of Kinergy Advancement Berhad (formerly known as 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 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 2023 (“FY2023”) and/or up to the date of this CG Statement (where applicable) (hereinafter referred to as “Applicable Period”):-



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://www.kinergyadvancement.com/corporategovernance.html>

KAB’S CORPORATE GOVERNANCE (“CG”) HIGHLIGHTS

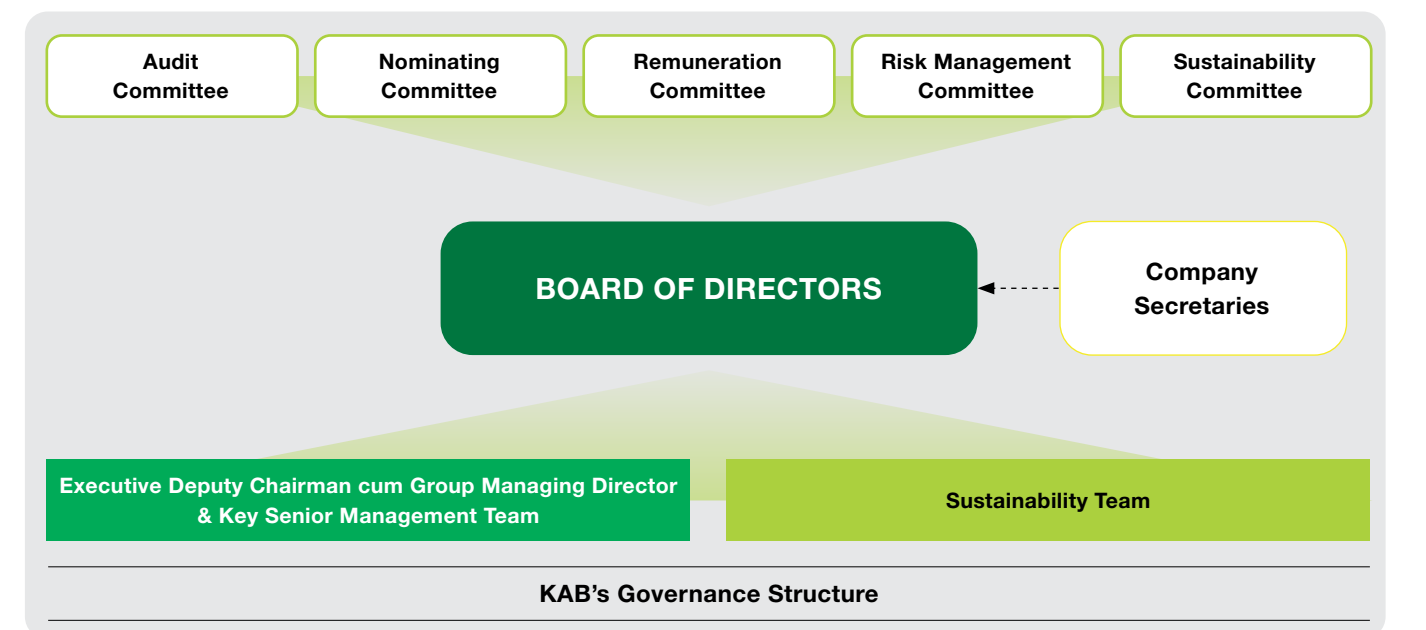
The Board is pleased to provide below a snapshot of the key CG focus areas for the Applicable Period:-

MCCG Practice	Applications by KAB
Practice 1.1: Key Responsibilities of the Board	<ul style="list-style-type: none"> ✓ 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 non-executive or senior independent non-executive director	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ The Board has designated Ms. Nicole Lee, the General Manager for Corporate/Human Resources as the Head of Sustainability Team (“SusTeam”). ✓ As a key senior management personnel, Ms. Nicole Lee has been tasked to lead the SusTeam which comprise representatives from various departments/operations such as Finance, Corporate, 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 half yearly basis.
Step Up Practice 9.4: The Audit Committee should comprise solely of independent non-executive directors	<ul style="list-style-type: none"> ✓ The Audit Committee (“AC”) of KAB comprises three (3) Independent Non-Executive 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 non-executive directors	<ul style="list-style-type: none"> ✓ 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

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")
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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.
- ▶ Since 2021, the Group has ventured into Solar Energy projects as a means to diversify and strengthen its financial position.
- ▶ During the FY2023, the Group has changed its name from Kejuruteraan Asastera Berhad to Kinergy Advancement Berhad to increase the Company's global presence.

Overseeing the conduct of the Group's business

- ▶ The Executive Deputy Chairman cum Group Managing Director ("GMD") and the Executive Directors are responsible to oversee the daily management of the Group's business and operations. The GMD 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 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 NC, ensures that an appropriate framework and plan for succession within the Group are in place.
- ▶ The Board has also entrusted the GMD with the responsibility to review candidates, compensation packages and oversee development for key senior management personnel.

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 AC, RMC 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 FY2023, 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 FY2023, the Board has met held seven (7) 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

Environmental, Social and Governance (“ESG”) initiatives and Sustainability Governance

- ▶ 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 FY2023, the Sustainability Committee had conducted two (2) meetings with the purpose of reporting the progress of the ESG initiatives and Sustainability Governance.
- ▶ The Company was successfully included in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index during December 2023 annual review conducted by FTSE Russell, a subsidiary of London Stock Exchange Group that produces, maintains, licenses, and markets stock market indices.

(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 GMD and Company Secretaries leads the Board in establishing and monitoring good corporate governance practices in the Company.
- ▶ For the FY2023, Datuk Dr. Ong chaired all the seven (7) 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 GMD are held by different individuals with clearly defined and distinct roles which are documented in the Board Charter.

Role separation of Chairman and Group 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 GMD 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 GMD 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, GMD, 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 impartiality and scrutiny to the Board’s deliberation and decision-making process.

Departure from Practice 1.4 of MCCG

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

- ▶ For FY2023, the Board has departed from the recommendation of Practice 1.4 of the MCG 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 non-executive 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 (1) to three (3) years, the Board, with the assistance of the NC, would be looking into appointing another independent non-executive 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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

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 FY2023, the Company Secretaries have attended relevant development and training programmes as required by MAICSA for practicing chartered secretaries to enhance their ability in discharging their duties and responsibilities.

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 deem 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. Since the last financial year end until the date of this report, the Board Charter was amended:-

- i) to align the provisions contained with the amendments of the Main LR, Malaysian Code on Corporate Governance 2021 ("MCCG"), Constitution and Companies Act 2016 ("CA 2016").
- ii) to include the function of Sustainability Committee, duties and responsibilities of the Board in overseeing the organisation's sustainability strategy through company's sustainability performance.

The latest Board Charter is available on KAB's website:
(<https://www.kinergyadvancement.com/corporategovernance.html>).

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 Executive Deputy Chairman cum Group Managing Director. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

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 and updated in July 2023 which is 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 addresses 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 Board members 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. The Head of the SusTeam reported to the Board on the development and progress of the ESG initiatives of the Group twice (2) in FY2023.

During the FY2023, the composition of the SusComm and the meeting attendance are as follows:

Name	Status of Directorship	Attendance	%
Lu Chee Leong (Chairman)	Independent Non-Executive Director	2/2	100%
Datin Alicia Chan Pey Kheng	Executive Director (Group Chief Operation Officer)	2/2	100%
Tong Siut Moi	Independent Non-Executive Director	2/2	100%

II. BOARD COMPOSITION

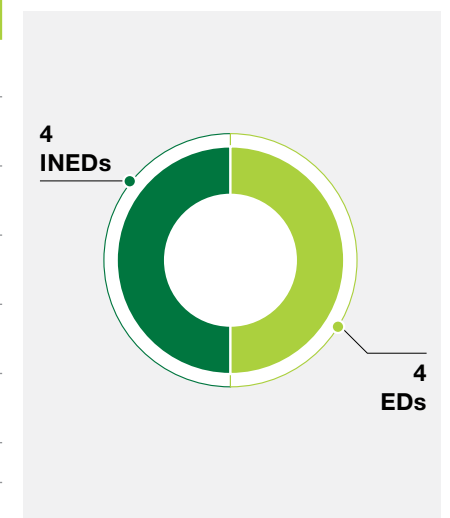
Intended Outcome 5.0

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 eight (8) members of whom four (4) 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	Executive Deputy Chairman cum Group Managing Director
Choong Gaik Seng	Executive Director (Competent/QC Division)
Datin Alicia Chan Pey Kheng	Executive Director (Group Chief Operation Officer)
Jonathan Wu Jo-Han <i>(Appointed w.e.f 18 March 2024)</i>	Executive Director (SES Chief Operating Officer)
Ts Dr. Amanda Lee Sean Peik <i>(Appointed w.e.f 18 March 2024)</i>	Independent Non-Executive Director
Lu Chee Leong	Independent Non-Executive Director
Tong Siut Moi	Independent Non-Executive Director



All four (4) 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 Non-Executive Directors

Practice 5.3 of the MCCG states that the tenure of an independent non-executive director should not exceed a cumulative term of nine (9) years. However, an independent non-executive director may continue to serve the Board subject to the Independent Non-Executive 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 Non-Executive Directors of KAB has served more than nine (9) years.

(C) Recruitment Process and Annual Assessment of Directors and Independent Non-Executive Directors

The Board had on 30 June 2022 adopted the Directors' Fit and Proper Policy ("Policy") which is in line with the amendments to the Main LR. The Board believes that it is in the best interest of the Company and its stakeholders that its Directors are of the required character, experience, integrity and competency to effectively and diligently discharge their responsibilities and duties and contribute to the proper governance of the Company and its subsidiaries. This Policy forms part of the established and approved policy and procedures on nomination and appointment of Director and re-appointment of Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

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 FY2023, facilitated by the Company Secretaries, an annual evaluation of the Board, its committees and all Directors was conducted on 29 February 2024.

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.

The NC and the Board had been guided by the said Policy in evaluating and considering the re-election of Mr. Lu Chee Leong, Datin Alicia Chan Pey Kheng and Datuk Dr. Ong Peng Su as the Directors of the Company ("Retiring Directors") at the forthcoming 27th Annual General Meeting of the Company.

The Retiring Directors had executed the Directors' Fit and Proper Declaration Form.

Upon evaluation, the NC and the Board are satisfied with the declaration made by the Retiring Directors and recommended the re-election of the Retiring Directors to the shareholders for approval at the forthcoming 27th AGM.

For the FY2023, all the Directors met the expectations of the criteria set out in discharging their duties and responsibilities.

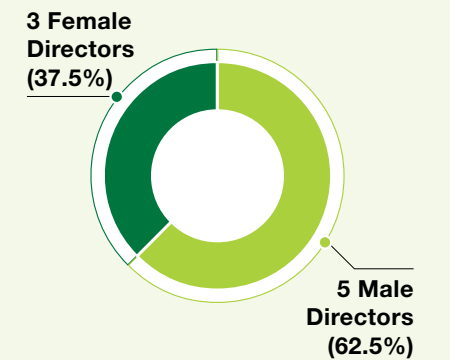
The performance and effectiveness of the Director and the Board were assessed individually and collectively, which include Directors' Self and Peer Evaluation, using evaluation survey questionnaires to evaluate the overall Board's performance against criteria that the Board determines are important to its success. The Board's performance and effectiveness evaluation in the FY2023 reported that the Board continues to operate effectively.

During the Latest Practicable Date as at 5 April 2024, the NC convened two (2) Special NC Meeting pertaining to the retention and recruitment of Directors, as follows:-

- i. The NC had held an interview session on 23 January 2024 with Mr. Goh Kok Boon ("Mr. Desmond Goh") pertaining to Mr. Desmond Goh's resignation as the Executive Director. The interview session entails the intention of resignation by Mr. Desmond Goh, identifying the existence of conflict between Mr. Desmond Goh and the Company.
- ii. The NC had held an interview session on 11 March 2024 with Ts Dr. Amanda Lee Sean Peik ("Ts Dr. Amanda Lee") and Mr. Jonathan Wu Jo-Han ("Mr. Jonathan") pertaining to the appointment of Independent Non-Executive Director and Executive Director of the Company. The NC was guided by the Fit and Proper Criteria, in assessing the adequacy of Ts Dr. Amanda Lee and Mr. Jonathan as the suitable candidate for the Company.

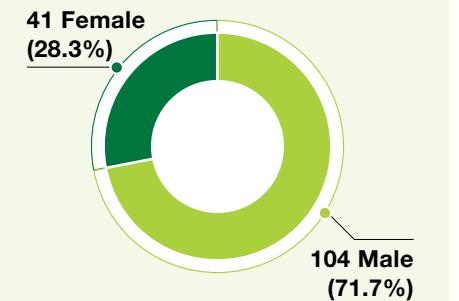
(D) Board Diversity

A gender diversity policy in accordance with the best practices of MCCG had been adopted in 2018. As at the date of this report, the Board comprised three (3) female directors, out of eight (8) directors, representing 37.5% of the total Board members.



(E) Workforce Diversity

Our male and female employees' ratio shows a distribution of 104:41 as at 31 December 2023. Our total staff stood at 145 as at 31 December 2023.



(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 FY2023, 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 Chairperson 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

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

- Reviewed and confirmed the minutes of the NC meeting held in FY2023;
- Examined the composition of the Board;
- Evaluated the effectiveness of the Board and the Committees of the Board as a whole;
- Evaluated the contribution and performance of each Director;
- Reviewed the independence of the Independent Non-Executive Directors;
- 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;
- Reviewed and recommended to the Board on the re-designation of the position of the Directors;
- Performed exit interview with the resigned Director; and
- Performed interview with the appointing Director.

(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 which was updated in August 2023.

(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 FY2023 was satisfactory.

During the FY2023, the Board held a total of seven (7) 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	7/7	100
Dato' Lai Keng Onn	Executive Deputy Chairman cum Group Managing Director	7/7	100
Choong Gaik Seng	Executive Director (Competent/QC Division)	6/7	85
Datin Alicia Chan Pey Kheng	Executive Director (Group Chief Operation Officer)	7/7	100
Goh Kok Boon <i>(Resigned w.e.f 6 March 2024)</i>	Executive Director (Project/Contract Division)	7/7	100
Jonathan Wu Jo-Han <i>(Appointed w.e.f 18 March 2024)</i>	Executive Director (SES Chief Operating Officer)	N/A	N/A
Ts Dr. Amanda Lee Sean Peik <i>(Appointed w.e.f 18 March 2024)</i>	Independent Non-Executive Director	N/A	N/A
Lu Chee Leong	Independent Non-Executive Director	7/7	100
Tong Siut Moi	Independent Non-Executive Director	7/7	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. During the FY2023, the 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 FY2023, the Directors have collectively attended thirty-seven (37) 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	Organiser
Dato' Dr Ong Peng Su	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
Dato' Lai Keng Onn	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
	13-14.12.2023	Training	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
Datin Alicia Chan Pey Kheng	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
	19.09.2023	Webinar	Hard Time Leadership: 4 Strategies for Leading Through Difficult Times	Asia Pacific Institute for Strategy
	13-14.12.2023	Training	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
Choong Gaik Seng	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
	05-06.02.2024	Training	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

Director	Date	Type	Training Programme	Organiser
Goh Kok Boon <i>(Resigned w.e.f 6 March 2024)</i>	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
Lu Chee Leong	08.05.2023	Webinar	A New Approach to Risk Assessment ISA 315 (Revised 2019)	Malaysia Institute of Accountants
	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	18.07.2023	Webinar	Putting People, Profit and Planet on Par: Shifting Business Priorities for a Better World	Asso. of Chartered Certified Accountants
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	04.09.2023	Virtual Event	The Arrival of ISSB Standards and the Continued Relevance of Integrated Reporting	Malaysia Institute of Accountants
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.
	30.11.2023	Training	Preparation and Implementation of 'e-Invoice' in Malaysia	Asso. of Chartered Certified Accountants
	11-12.12.2023	Training	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia
Tong Siut Moi	28.06.2023	Training	TCFD Climate Scenario Analysis	Avantedge Consulting Group
	11.07.2023	Training	Sustainability Related Capital and Financing	Avantedge Consulting Group
	24.08.2023	Training	ISO37001:2016 Anti-Bribery Management System Awareness	Nexus TAC Sdn. Bhd.
	14.10.2023	Training	Recent Amendment to Listing Requirements and Random Case Studies	CKM Advsiory Sdn. Bhd.

2024 Training Needs

Upon review of the training needs of the Directors for the financial year ending 31 December 2024 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 FY2023.

(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 FY2023, the NC was satisfied with the performance of the Board and its Committees.

Upon review, the NC agreed that the current board size of eight (8) 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 Non-Executive Directors 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;
- Ms. Tong Siut Moi; and
- Ts Dr. Amanda Lee Sean Peik.

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 Non-Executive 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 Non-Executive 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 Non-Executive Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

(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 27th AGM pursuant to Clause 76(3) of the Constitution of the Company:-

- Lu Chee Leong;
 - Datin Chan Pey Kheng; and
 - Datuk Dr. Ong Peng Su
- (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 27th 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.

The following Directors shall retire at the forthcoming 27th AGM pursuant to Clause 78 of the Constitution of the Company.

- Jonathan Wu Jo-Han;
- Ts Dr. Amanda Lee Sean Peik ; and
- Datuk Wira Mubarak Hussain bin Akhtar Husin (Appointed w.e.f 29 April 2024).

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 FY2023, reviewed and recommended to the Board for approval on the following matters:-

- minutes of the RC held in FY2023;
- Directors' fees for the financial year ending 31 December 2023;
- Directors' fees payable to the new Chairman; and
- 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://www.kinergyadvancement.com/corporategovernance.html>.

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 FY2023

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 27th Annual General Meeting scheduled on 31 May 2024.

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 FY2023 are as follow:

NAME OF DIRECTORS	DIRECTORS' FEE	DIRECTORS' REMUNERATION				GRAND TOTAL
		SALARY	BONUS	BENEFITS IN KIND	OTHERS	
Executive						
LAI KENG ONN	-	1,286,680	176,000	22,917	180,000	1,665,597
CHAN PEY KHENG	-	684,320	94,000	-	-	778,320
CHOONG GAIK SENG	-	414,584	46,883	10,625	36,000	508,092
GOH KOK BOON	-	538,720	59,817	12,500	60,000	671,037
Non-Executive						
ONG PENG SU	300,000	-	-	-	-	300,000
TONG SIUT MOI	79,200	-	-	-	-	79,200
LU CHEE LEONG	91,200	-	-	-	-	91,200
2023	470,400	2,924,304	376,700	46,042	276,000	4,093,446

Remarks:

- Employer's SOCSO & SIP are not included in the above figures.
- The figures above are expressed in MYR.
- Mr Goh Kok Boon (Executive Director) had resigned w.e.f. 6 March 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

(C) Details of top five (5) Senior Management's remuneration for the FY2023

The remuneration of the top five (5) 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	1
MYR200,001 and above	4
Total	5

The Board has considered this practice and is of the opinion that the disclosure of the top five (5) 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 FY2023, 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 FY2023, 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	1/1	100
Tong Siut Moi	Independent Non-Executive Director	1/1	100
Dato' Lai Keng Onn	Executive Deputy Chairman cum Group Managing Director	1/1	100

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 FY2023.

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 FY2023, please refer to the AC Report in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AS AT 5 APRIL 2024

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.kinergyadvancement.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 kab@kinergyadvancement.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.kinergyadvancement.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 2023 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.

AUDIT COMMITTEE REPORT

In accordance with the CA 2016 and the Company's Constitution, the Company may convene a meeting of members at more than one (1) venue using any technology or method that enables the members of the Company to participate and to exercise the members' rights to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.

At its virtual 26th AGM held on 30 May 2023, 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.

The entire General Meeting proceedings and poll voting were conducted entirely through Securities Services e-Portal hosted by Securities Services (Holdings) Sdn. Bhd. ("SSeP"). The Administrative Guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company's website.

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.

The Company had conducted its voting on all resolutions at the fully virtual General Meetings of the Company by online live polling to provide for remote voting and immediate poll results. The Company had engaged SS E Solutions Sdn. Bhd. to act as the Poll Administrator to provide the electronic polling services, while Commercial Quest Sdn. Bhd. was the appointed independent scrutineer to verify the poll results.

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 FY2023, 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 2024 ("FY2024")

The key priorities of our CG Practices for FY2024 are as follows:

- √ 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 30 April 2024.

The Board of Directors ("the Board") of Kinergy Advancement Berhad (formerly known as 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 2023 ("FY2023").

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 FY2023, 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, 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 29 February 2024. 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.kinergyadvancement.com).

MEETINGS

The AC met five (5) times during the FY2023 as follows:-

No.	AC Meeting	Date of Meeting	Private sessions with External Auditors without Executive Board members and Management
(1)	(1/2023) AC Meeting	23 February 2023	
(2)	(2/2023) Special AC Meeting	27 April 2023	
(3)	(3/2023) AC Meeting	30 May 2023	
(4)	(4/2023) AC Meeting	22 August 2023	
(5)	(5/2023) AC Meeting	21 November 2023	√

AUDIT COMMITTEE REPORT

The External Auditors had attended three (3) AC meetings held in the FY2023. The External Auditors were encouraged to raise with the AC any matters they considered important to bring to the AC's attention. For FY2023, 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.

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 Executive Deputy Chairman cum Group Managing Director, Chief Financial Officer, 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 2022, 31 March 2023, 30 June 2023 and 30 September 2023 and recommended the same for the Board's approval;
- Reviewed the draft audited financial statements for the FY2023 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 FY2023, 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 FY2023;
- Reviewed the proposed audit fees for FY2023 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 FY2023 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 FY2023;
- Reviewed the solvency of the Company; and
- Reviewed Corporate Governance Overview Statement and AC Report.

6. Oversight of Potential Conflict of Interest Situation

- Reviewed and assessed the potential conflict of interest situations that arise within the group, and the measure has been taken to mitigate conflict of interest situation.

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	: <ul style="list-style-type: none"> 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 twenty (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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For FY2023, 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 FY2023

During the FY2023, 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 2023 to 31 December 2023 for Financial Reporting, Claim Management, Human Resource Management, Management Information System, Treasury (Investment) and Purchasing and Ordering;
- 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 FY2023

The total fees incurred for the outsourced internal audit function of the Group for FY2023 is MYR37,600 (FY2022: MYR27,400).

This AC Report was presented and approved at the meeting of the Board of Directors held on 30 April 2024.

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 Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad) ("KAB" or "the Company") and its subsidiary companies ("the Group") for the financial year ended 31 December 2023 ("FY2023"). This Statement on Risk Management and Internal Control is in line with the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 FY2023.

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 Executive Deputy Chairman cum Group Managing Director ("GMD") 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 30 April 2024.

7. CONCLUSION

The GMD, 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 GMD 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 2022

On 7 September 2022, Kenanga IB had announced on behalf of the Board that Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad) (“KAB” or “the Company”) proposed to undertake a private placement of up to 351,581,000 new ordinary shares in KAB (“Placement Shares 2022”) representing up to 20% of the total number of issued shares, to independent third-party investor(s) to be identified and at an issue price to be determined later.

Bursa Malaysia Securities Berhad (“Bursa Securities”) had on 11 October 2022 approved the listing and quotation of up to 351,581,000 shares to be issued pursuant to the Proposed Private Placement 2022 with conditions.

The shareholders of the Company had approved the Proposed Private Placement 2022 at an EGM of the Company held on 17 November 2022.

The Company received approval from Bursa Securities on 4 April 2023 for extension of time up to 10 October 2023 to complete the implementation of Private Placement 2022.

On 4 October 2023, Bursa Malaysia Securities Berhad granted the Company a further extension of time until 10 April 2024 to complete the implementation of the Private Placement 2022.

The Company had issued the Placement Shares 2022 on various dates to the identified investors:

- a. On 5 October 2023, 137,121,212 Placement Shares 2022 had been issued at MYR0.33 per Placement Share 2022.
- b. On 29 January 2024, 41,315,900 Placement Shares 2022 had been issued at MYR0.38 per Placement Share 2022.

There are up to 173,143,888 Placement Shares 2022 remaining to be allotted and issued under the Proposed Private Placement 2022.

As at the date of this Annual Report, the proposed utilisation of the gross proceeds from the Proposed Private Placement 2022 amounting to MYR133.97 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
Working Capital	36,000	12,217	(12,217)	-	Within 24 months
Repayment of Bank Borrowings	31,000	10,407	(10,407)	-	Within 6 months
Funding for existing and future SES projects	66,196	22,173	(423)	21,750	Within 36 months
Estimated expenses for the Proposed Diversification and Proposed Private Placement	770	453	(453)	-	Immediate
Total	133,966	45,250	(23,500)	21,750	

(1) The utilisation of proceeds as disclosed above should be read in conjunction with the Announcement of the Company dated 1 November 2022.

(2) As at the date of this Annual Report, the Company had issued a total of 178,437,112 Placement Shares 2022 at various prices to arrive at total proceeds of MYR60.95 million.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees incurred for services rendered to KAB and its subsidiary companies (“the Group”) and the Company by the external auditors for the financial year ended 31 December 2023 (“FY2023”) are as follows:-

	Group MYR ('000)	Company MYR ('000)
Audit Fees	305	122
Non-Audit Fees	13	13
Total	318	135

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 FY2023.

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 Kineryg Advancement Berhad (formerly known as 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 2023:-

- 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 (“MFRS”) 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 30 April 2024.

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023.

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'000	Company MYR'000
Profit for the financial year attributable to : -		
- Owners of the Company	27,405	156
- Non-controlling interest	186	-
	27,591	156

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 2023.

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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 1,807,994,669 ordinary shares to 1,945,115,881 ordinary shares by way of the issuance of 137,121,212 new ordinary shares for cash pursuant to the private placement at exercise price of MYR0.33 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 2023, 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 20 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.
- (d) the exercise period is approximately 3 years from the date of issue expiring on 29 April 2024; and

WARRANTS (CONT'D.)

- (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 – Executive Deputy Chairman cum Group Managing Director
 Choong Gaik Seng
 Lu Chee Leong
 Tong Siut Moi
 Datin Chan Pey Kheng
 Datuk Dr. Ong Peng Su
 Jonathan Wu Jo-Han (appointed on 18 March 2024)
 Dr. Amanda Lee Sean Peik (appointed on 18 March 2024)
 Datuk Wira Mubarak Hussain bin Akhtar Husin (appointed on 29 April 2024)
 Goh Kok Boon (resigned on 6 March 2024)

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 : -

Lai Chuan Shenq
 Jesudason Selvaraj
 ChanChai Kitprotpisuth
 Moo Yee Wan
 Heng Boon Liang
 Kong Chak Fung
 Dato' Yau Kok Seng
 Ong Kian Boon
 Ngu Wang Keat
 Hoo Swee Guan
 Luechai Keawmahakhun
 Umar Rafie bin Mohammad Zaini (appointed on 14 July 2023)
 Tey Seu Ann (appointed on 16 January 2024)
 Tang Min Ying (appointed on 16 January 2024)
 Tang Weihann (appointed on 16 January 2024)
 Kamal Husin bin Akhtar Husin (appointed on 20 February 2024)
 Nor Azli bin Nor Hashim (appointed on 20 February 2024)
 Beh Sui Wei (resigned on 15 November 2023)

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 1/1/2023	Additions	Sold	As at 31/12/2023
Direct interest				
a) The Company				
Dato' Lai Keng Onn	432,379,600	13,172,325	-	445,551,925
Choong Gaik Seng	3,318,800	-	-	3,318,800
Goh Kok Boon	1,354,050	-	-	1,354,050
Datin Chan Pey Kheng	12,735,709	-	-	12,735,709
Indirect interest				
a) Corporate shareholder, Stocqtech Sdn. Bhd.				
Dato' Lai Keng Onn*	162,900,000	-	-	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 1/1/2023	Additions	Sold	As at 31/12/2023
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

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 except as disclosed in Note 40 to the financial statements.

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.

The details of the remuneration paid to or receivable by the Directors of the Group and the Company in respect of the financial year ended 31 December 2023 are as follows : -

	Group MYR'000	Company MYR'000
Executive directors		
Salaries and allowances	2,889	2,157
Bonus	377	377
Employees Provident Fund	311	234
Social security cost	4	4
Employment Insurance System	*	*
Benefits in kind	46	33
	3,627	2,805
Non-executive directors		
Fees	470	470
	4,097	3,275

* Less than MYR1,000

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

Detail of event after the reporting period is disclosed in Note 42 to the financial statements.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

AUDITORS

The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

Auditors' remuneration is as follows : -

	Group MYR'000	Company MYR'000
Auditors' remuneration		
- Kreston John & Gan		
- Statutory audit	214	122
- Other services	13	13
- Other auditors	91	-
	318	135

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

Dato' Lai Keng Onn

Choong Gaik Seng

Kuala Lumpur,
Date: 30 April 2024

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KINERGY ADVANCEMENT BERHAD
(FORMERLY KNOWN AS 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 Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad), which comprise the statements of financial position as at 31 December 2023 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 97 to 179.

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 2023 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 26 to the financial statements)

Construction contracts

The Group and the Company recognise revenue from construction contracts using the stage of completion method. The stage of completion is measured using the input method, which is based on the proportion that the actual contract costs incurred for the work performed to-date to the estimated total contract costs, which includes estimates and judgements by directors on costs to be incurred on the contracts.

The Group and the Company recognised revenue from construction contracts of MYR119 million and MYR93 million respectively for the financial year ended 31 December 2023.

Trading

The Group and the Company are also involved in voluminous transactions, whereby there is a risk that revenue may be over or understated.

The Group and the Company recognised revenue from sale of goods of MYR44 million and MYR42 million respectively for the financial year ended 31 December 2023.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KINERGY ADVANCEMENT BERHAD
(FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD)
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Key Audit Matters (Cont'd.)

Revenue Recognition (Cont'd.)

Services rendered

The Group and the Company are also involved in the provision of clean energy, renewable energy and energy efficient solutions services.

The Group and the Company recognised revenue from services rendered of MYR36 million and MYR0.043 million respectively for the financial year ended 31 December 2023.

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 tested the operating effectiveness of the Group's and the Company's internal controls over timing and amount of revenue recognised;
- Tested the reasonableness of the stage of completion and estimated total construction costs for the Group's and the Company's projects;
- Reviewed the reasonableness construction cost budgets by agreeing subcontractor costs to letters of award, purchase orders, variation orders, quotations and/or latest revisions of these documents on a sampling basis;
- Tested accuracy of the 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;
- Performing re-computation on revenue recognised and checked calculation to Energy Performance Agreement;
- Inspected the documents which evidenced the delivery of goods and services to customers;
- Tested sales transactions as well as credit notes issued, near to financial year end to assess whether the revenue was recognised in the correct financial year; and
- Assessed the completeness, accuracy and relevance of disclosures required by MFRS 15, Revenue from Contracts with Customers.

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 37(c)(i) to the financial statements)

As at 31 December 2023, the Group and the Company recorded trade receivables and contract assets totaling MYR131 million and MYR121 million 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KINERGY ADVANCEMENT BERHAD
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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 MYR15 million 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 22 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 2023, the Group and the Company had total borrowings of MYR126 million and MYR66 million, representing 56% and 58% 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KINERGY ADVANCEMENT BERHAD
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(INCORPORATED IN MALAYSIA, REGISTRATION NO. 199701005009 (420505-H))

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KINERGY ADVANCEMENT BERHAD
(FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD)
(INCORPORATED IN MALAYSIA, REGISTRATION NO. 199701005009 (420505-H))

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 KINERGY ADVANCEMENT BERHAD
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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 Matter

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

Kuala Lumpur,
Date: 30 April 2024

Yong Chung Sin
Approval No: 02892/04/2026 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	187,821	46,710	3,986	4,188
Investment properties	5	20,553	20,631	14,317	14,517
Right-of-use assets	6	3,108	2,127	1,974	1,733
Investment in subsidiary companies	7	-	-	1,652	148
Investment in an associate company	8	300	-	-	-
Intangible assets	9	7,685	8,654	-	-
Deferred tax assets	10	877	348	69	69
Other investments	11	8,268	5,679	-	-
Trade receivables	12	7,019	9,679	7,019	9,679
Total Non-Current Assets		235,631	93,828	29,017	30,334
Current Assets					
Trade receivables	12	73,095	72,640	64,500	69,268
Inventories	13	824	587	-	-
Contract assets	14	50,544	68,386	49,706	67,621
Other receivables, deposits and prepayments	15	8,780	3,742	384	564
Amount due from subsidiary companies	16	-	-	115,867	45,595
Deposits with licensed banks	17	40,924	34,836	36,652	33,357
Cash and bank balances		23,084	12,653	3,352	2,330
Current tax assets		2,932	246	2,551	141
Total Current Assets		200,183	193,090	273,012	218,876
Total Assets		435,814	286,918	302,029	249,210

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Company					
Share capital	18	148,847	103,597	148,847	103,597
Foreign currency translation reserve	19	(514)	(3)	-	-
Treasury shares	20	(4)	(4)	(4)	(4)
Retained profits	21	60,657	33,252	38,287	38,131
		208,986	136,842	187,130	141,724
Non-controlling interest		3,034	175	-	-
Total Equity		212,020	137,017	187,130	141,724
Non-Current Liabilities					
Deferred tax liabilities	10	8,778	1,148	-	-
Borrowings	22	68,733	34,960	22,927	5,306
Lease liabilities	23	1,422	365	531	279
Trade payables	24	2,974	4,168	2,974	4,168
Total Non-Current Liabilities		81,907	40,641	26,432	9,753
Current Liabilities					
Borrowings	22	57,011	42,595	43,412	34,995
Lease liabilities	23	356	280	292	255
Trade payables	24	51,871	54,161	38,226	50,516
Contract liabilities	14	9,059	10,095	5,333	10,095
Other payables and accruals	25	23,590	2,129	416	1,463
Amount due to subsidiary companies	16	-	-	788	409
Total Current Liabilities		141,887	109,260	88,467	97,733
Total Liabilities		223,794	149,901	114,899	107,486
Total Equity and Liabilities		435,814	286,918	302,029	249,210

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Revenue	26	199,314	187,002	135,746	173,786
Cost of sales		(157,953)	(158,916)	(120,547)	(152,873)
Gross profit		41,361	28,086	15,199	20,913
Other income	27	24,634	2,903	1,226	1,258
Administrative expenses		(25,448)	(22,118)	(13,189)	(14,347)
Other expenses		(5,520)	(121)	-	(121)
Profit from operations		35,027	8,750	3,236	7,703
Finance costs	28	(5,873)	(3,833)	(2,990)	(1,992)
Profit before taxation	29	29,154	4,917	246	5,711
Income tax expense	32	(1,563)	(2,128)	(90)	(2,046)
Profit for the financial year		27,591	2,789	156	3,665
Other comprehensive income : -					
- foreign currency translation differences for foreign operations		(511)	(36)	-	-
Total comprehensive income for the financial year		27,080	2,753	156	3,665
Profit for the financial year attributable to : -					
Owners of the Company		27,405	2,856	156	3,665
Non-controlling interest		186	(67)	-	-
		27,591	2,789	156	3,665
Total comprehensive income for the financial year attributable to : -					
Owners of the Company		26,894	2,820	156	3,665
Non-controlling interest		186	(67)	-	-
		27,080	2,753	156	3,665
Basis earnings per share (sen)	33	1.49	0.16		
Diluted earnings per share (sen)	33	0.94	0.09		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Non-Distributable			Distributable		Non-controlling interest	Total equity
		Share capital	Foreign currency translation reserve	Treasury shares	Retained profits	Total		
		MYR'000	MYR'000	MYR'000	MYR'000	MYR'000	MYR'000	MYR'000
Group								
Balance as at 1 January 2022		93,809	33	(4)	30,396	124,234	242	124,476
<i>Transactions with owners :-</i>								
Issuance of shares (Note 18)		9,788	-	-	-	9,788	-	9,788
Total comprehensive income for the financial year		-	(36)	-	2,856	2,820	(67)	2,753
Balance as at 31 December 2022		103,597	(3)	(4)	33,252	136,842	175	137,017
<i>Transactions with owners :-</i>								
Issuance of shares (Note 18)		45,250	-	-	-	45,250	-	45,250
Acquisition of non-controlling interests in subsidiary companies		-	-	-	-	-	650	650
Increase in ownership without change in control		-	-	-	-	-	2,023	2,023
Total transactions with owners		45,250	-	-	-	45,250	2,673	47,923
Total comprehensive income for the financial year		-	(511)	-	27,405	26,894	186	27,080
Balance as at 31 December 2023		148,847	(514)	(4)	60,657	208,986	3,034	212,020

	Non-Distributable		Distributable		Total
	Share capital	Treasury shares	Retained profits	Total	
	MYR'000	MYR'000	MYR'000	MYR'000	

Company					
Balance as at 1 January 2022		93,809	(4)	34,466	128,271
<i>Transactions with owners:</i>					
Issuance of shares (Note 18)		9,788	-	-	9,788
Total comprehensive income for the financial year		-	-	3,665	3,665
Balance as at 31 December 2022		103,597	(4)	38,131	141,724
<i>Transactions with owners:</i>					
Issuance of shares (Note 18)		45,250	-	-	45,250
Total comprehensive loss for the financial year		-	-	156	156
Balance as at 31 December 2023		148,847	(4)	38,287	187,130

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
		MYR'000	MYR'000	MYR'000	MYR'000
Cash flows from operating activities					
Profit before taxation		29,154	4,917	246	5,711
<i>Adjustments for :-</i>					
Depreciation of property, plant and equipment		4,558	3,534	336	343
Depreciation of investment properties		418	293	301	251
Depreciation of right-of-use assets		542	606	469	565
Amortisation of intangible assets		-	452	-	-
Loss on disposal of right-of-use assets		-	12	-	12
Plant and equipment written off		-	60	-	-
Unwinding of discount on trade receivables		(465)	(484)	(465)	(483)
Impairment loss on trade receivables		3,247	121	-	121
Impairment loss on intangible assets		1,012	-	-	-
Impairment loss on property, plant and equipment		1,260	-	-	-
Reversal of impairment loss on trade receivables no longer required		-	(28)	-	(28)
Interest income		(496)	(517)	(355)	(465)
Interest expenses		5,290	3,662	2,955	1,821
Bargain purchase gain on acquisition		(22,807)	(1,638)	-	-
Operating profit before working capital changes		21,713	10,990	3,487	7,848
<i>Changes in working capital :-</i>					
Inventories		(237)	546	-	-
Trade receivables		150	(6,626)	7,893	(6,054)
Other receivables, deposits and prepayments		(1,323)	4,557	180	89
Amount due from subsidiary companies		-	-	(70,271)	(10,266)
Contract assets/(liabilities)		16,806	(9,138)	13,153	(8,372)
Trade payables		(3,829)	10,620	(13,484)	12,483
Other payables and accruals		(23,395)	(1,577)	(1,047)	(1,178)
Amount due from subsidiary companies		-	-	379	87
Cash generated from/(used in) operations		9,885	9,372	(59,710)	(5,363)
Interest received		496	517	355	464
Interest paid		(5,290)	(3,662)	(2,955)	(1,821)
Taxes paid		(3,264)	(3,362)	(2,500)	(3,196)
Tax refunded		-	10	-	-
Net cash from/(used in) operating activities		1,827	2,875	(64,810)	(9,916)
Balance carried forward		1,827	2,875	(64,810)	(9,916)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Balance brought forward		1,827	2,875	(64,810)	(9,916)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(12,785)	(8,624)	(134)	(12)
Purchase of investment properties	5	-	(253)	(101)	(96)
Additions to right-of-use assets	6	(123)	(421)	(123)	(421)
Net cash outflow on acquisition of a subsidiary		(5,451)	(1,308)	(1,504)	*
Investment in other investments		(2,589)	(5,679)	-	-
Investment in associate		(300)	-	-	-
Acquisition of non-controlling interests in subsidiary companies		2,023	-	-	-
Proceeds from disposal of right-of-use assets		-	175	-	175
Proceeds from disposal of property, plant and equipment		1,573	-	-	-
Net cash used in investing activities		(17,652)	(16,110)	(1,862)	(354)
Cash flows from financing activities					
Drawdown of term loans		49,520	5,913	20,193	96
Drawdown of medium term notes		-	19,950	-	-
Repayment of term loans		(10,330)	(20,068)	(2,827)	(335)
Repayment of medium term notes		(19,950)	-	-	-
Repayment of lease liabilities		(342)	(525)	(298)	(501)
Net (repayment of)/proceeds from other borrowings		(37,378)	(2,265)	3,212	(4,165)
Fixed deposits pledged as securities		(2,789)	(4,087)	278	(3,364)
Proceeds from issuance of new shares	18	45,250	9,788	45,250	9,788
Net cash from financing activities		23,981	8,706	65,808	1,519
Net increase/(decrease) in cash and cash equivalents		8,156	(4,529)	(864)	(8,751)
Cash and cash equivalents at the beginning of the financial year		121	4,723	(10,248)	(1,497)
Effect of foreign exchange rate changes		351	(73)	-	-
Cash and cash equivalents at the end of the financial year	35	8,628	121	(11,112)	(10,248)

* Less than MYR1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. GENERAL INFORMATION

Kinergy Advancement Berhad (formerly known as 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 registered office and principal place of business of the Company are as follows : -

Registered office : Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Principal place of business : No. 18, Jalan Radin Bagus 9
Bandar Baru Seri Petaling
57000 Kuala Lumpur

The consolidated financial statements as at and for the financial year ended 31 December 2023 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 2023 do not include 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 30 April 2024.

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 ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The Group and the Company have applied the following accounting standards and amendments of the MFRSs for the financial year beginning on 1 January 2023 : -

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments 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 Errors - Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 112, Income Taxes – International Tax Reform – Pillar Two Model Rules

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. BASIS OF PREPARATION (CONT'D.)

a) Statement of compliance (Cont'd.)

The initial application of the amendments do not have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption.

The following are accounting standards and amendments of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company : -

MFRSs and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 7, Financial Instruments : Disclosures – Supplier Finance Arrangements
- 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
- Amendments to MFRS 107, Statement of Cash Flows – Supplier Finance Arrangements

MFRSs and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, The Effect of Changes in Foreign Exchange Rates – Lack of Exchangeability.

MFRSs and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and Amendments to MFRS 128, Investment 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 amendments in the respective financial year when the above amendments become effective, if applicable.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. BASIS OF PREPARATION (CONT'D.)

d) Use of estimates and judgements (Cont'd.)

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 as disclosed in Note 3(c)(iii). 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 37(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 14.

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 9.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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)).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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.

On 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	5 - 12.5	Straight-line

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

d) Leases (Cont'd.)

ii) Recognition and initial measurement (Cont'd.)

a) As a lessee (Cont'd.)

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.

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 15 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

d) Leases (Cont'd.)

iii) Subsequent measurement (Cont'd.)

a) As a lessee (Cont'd.)

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".

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

h) Impairment of assets (Cont'd.)

i) Financial assets (Cont'd.)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

h) Impairment of assets (Cont'd.)

ii) Other assets (Cont'd.)

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.

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. Notes to the Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

j) Foreign currency (Cont'd.)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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.

v) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

p) Income tax (Cont'd.)

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 period, adjusted for own shares held.

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

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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	Cost					As at 31.12.2023 MYR'000
	As at 1.1.2023 MYR'000	Acquisition of subsidiary companies MYR'000	Additions MYR'000	Disposal MYR'000	Translation differences MYR'000	
2023						
Freehold land	260	760	-	-	-	1,020
Buildings	5,155	-	-	-	-	5,155
Furniture, fittings and equipment	2,182	67	247	-	9	2,504
Electrical equipment	8,762	29	2,788	-	357	11,936
Motor vehicles	2,783	131	78	-	-	2,992
Renovation	718	-	147	-	-	865
Telecommunication tower	920	-	750	(800)	-	870
Plant and machinery	27,565	26,002	627	-	-	54,194
Power plant	6,297	111,344	13	-	(2,159)	115,495
Capital work-in- progress	4,532	-	10,924	(800)	(1)	14,655
	59,174	138,333	15,574	(1,600)	(1,795)	209,686

Group	Accumulated depreciation					As at 31.12.2023 MYR'000
	As at 1.1.2023 MYR'000	Acquisition of subsidiary companies MYR'000	Charge for the financial year (Note 29) MYR'000	Disposal MYR'000	Translation differences MYR'000	
Buildings	871	-	108	-	-	979
Furniture, fittings and equipment	1,253	23	282	-	8	1,566
Electrical equipment	814	49	831	-	45	1,739
Motor vehicles	2,671	121	138	-	-	2,930
Renovation	718	-	2	-	-	720
Telecommunication tower	-	-	89	(27)	-	62
Plant and machinery	6,040	3,364	2,942	-	-	12,346
Power plant	97	-	166	-	-	263
	12,464	3,557	4,558	(27)	53	20,605

NOTES TO THE FINANCIAL STATEMENTS

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Accumulated impairment loss		
	As at 1.1.2023 MYR'000	Impairment (Note 29) MYR'000	As at 31.12.2023 MYR'000
2023			
Plant and machinery	-	1,260	1,260

Group	At cost								
	As at 1.1.2022 MYR'000	Acquisition of subsidiary companies MYR'000	Additions MYR'000	Written off MYR'000	Transfer to inventories MYR'000	Reclassification MYR'000	Transfer from right-of-use assets (Note 6) MYR'000	Translation differences MYR'000	As at 31.12.2022 MYR'000
2022									
Freehold land	260	-	-	-	-	-	-	-	260
Buildings	4,216	939	-	-	-	-	-	-	5,155
Furniture, fittings and equipment	1,561	-	651	(30)	-	-	-	-	2,182
Electrical equipment	8,489	-	477	-	(242)	-	-	38	8,762
Motor vehicles	2,217	-	-	-	-	-	566	-	2,783
Renovation	727	-	-	(9)	-	-	-	-	718
Telecommunication tower	-	120	800	-	-	-	-	-	920
Plant and machinery	26,293	-	1,272	-	-	-	-	-	27,565
Power plant	-	-	-	-	-	6,297	-	-	6,297
Capital work-in-progress	5,430	-	5,424	(25)	-	(6,297)	-	-	4,532
	49,193	1,059	8,624	(64)	(242)	-	566	38	59,174

Group	Accumulated depreciation						
	As at 1.1.2022 MYR'000	Acquisition of subsidiary companies MYR'000	Charge for the financial year (Note 29) MYR'000	Written off MYR'000	Transfer from right-of-use assets (Note 6) MYR'000	Translation differences MYR'000	As at 31.12.2022 MYR'000
Buildings	537	241	93	-	-	-	871
Furniture, fittings and equipment	1,036	-	220	(3)	-	-	1,253
Electrical equipment	293	-	521	-	-	-	814
Motor vehicles	1,999	-	106	-	566	-	2,671
Renovation	718	-	1	(1)	-	-	718
Telecommunication tower	-	-	-	-	-	-	-
Plant and machinery	3,544	-	2,496	-	-	-	6,040
Power plant	-	-	97	-	-	-	97
	8,127	241	3,534	(4)	566	-	12,464

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Net carrying amount	
	As at 31.12.2023 MYR'000	As at 31.12.2022 MYR'000
Freehold land	1,020	260
Buildings	4,176	4,284
Furniture, fittings and equipment	938	929
Electrical equipment	10,197	7,948
Motor vehicles	62	112
Renovation	145	-
Telecommunication tower	808	920
Plant and machinery	40,588	21,525
Power plant	115,232	6,200
Capital work-in-progress	14,655	4,532
	187,821	46,710

Company	At cost		
	As at 1.1.2023 MYR'000	Additions MYR'000	As at 31.12.2023 MYR'000
2023			
Freehold land	260	-	260
Buildings	4,216	-	4,216
Furniture, fittings and equipment	1,232	55	1,287
Motor vehicles	2,783	79	2,862
Renovation	718	-	718
	9,209	134	9,343

Group	Accumulated depreciation		
	As at 1.1.2023 MYR'000	Charge for the financial year (Note 29) MYR'000	As at 31.12.2023 MYR'000
Buildings	626	90	716
Furniture, fittings and equipment	1,006	108	1,114
Motor vehicles	2,671	138	2,809
Renovation	718	-	718
	5,021	336	5,357

NOTES TO THE FINANCIAL STATEMENTS

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Company	At cost			
	As at 1.1.2022 MYR'000	Additions MYR'000	Transfer from right-of-use assets (Note 6) MYR'000	As at 31.12.2022 MYR'000
2022				
Freehold land	260	-	-	260
Buildings	4,216	-	-	4,216
Furniture, fittings and equipment	1,220	12	-	1,232
Motor vehicles	2,217	-	566	2,783
Renovation	718	-	-	718
	8,631	12	566	9,209

	Accumulated depreciation			
	As at 1.1.2022 MYR'000	Charge for the financial year (Note 29) MYR'000	Transfer from right-of-use assets (Note 6) MYR'000	As at 31.12.2022 MYR'000
Buildings	537	89	-	626
Furniture, fittings and equipment	858	148	-	1,006
Motor vehicles	1,999	106	566	2,671
Renovation	718	-	-	718
	4,112	343	566	5,021

	Net carrying amount	
	As at 31.12.2023 MYR'000	As at 31.12.2022 MYR'000
Freehold land	260	260
Buildings	3,500	3,590
Furniture, fittings and equipment	173	225
Motor vehicles	53	112
	3,986	4,188

NOTES TO THE FINANCIAL STATEMENTS

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- The plant and equipment of the Group and of the Company at carrying amount of MYR39,187,759 (2022 – MYR38,339,993) have been pledged to licensed banks as securities for credit facilities as disclosed in Note 22.
- The gross carrying amount of fully depreciated plant and equipment of the Group and of the Company are as follows : -

	Group and Company	
	2023 MYR'000	2022 MYR'000
Furniture, fittings and equipment	635	273
Motor vehicles	1,875	1,871
Renovation	717	717
	3,227	2,861

- Included in property, plant and equipment are telecommunication tower and capital work-in-progress amounted to MYR NIL (2022 – MYR1,600,480) 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.
- Additions of property, plant and equipment are by way of : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Cash	12,785	8,624	134	12
Acquired under bank borrowing	2,789	-	-	-
	15,574	8,624	134	12

NOTES TO THE FINANCIAL STATEMENTS

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5. INVESTMENT PROPERTIES

Group	Freehold land MYR'000	Leasehold land MYR'000	Buildings MYR'000	Capital work-in-progress MYR'000	Total MYR'000
2023					
At cost					
As at 1 January 2023	2,113	4,097	10,509	4,885	21,604
Additions	-	-	340	-	340
Reclassifications	-	-	4,885	(4,885)	-
As at 31 December 2023	2,113	4,097	15,734	-	21,944
Accumulated depreciation					
As at 1 January 2023	-	298	675	-	973
Charge for the financial year (Note 29)	-	82	336	-	418
As at 31 December 2023	-	380	1,011	-	1,391
Net carrying amount					
As at 31 December 2023	2,113	3,717	14,723	-	20,553
2022					
At cost					
As at 1 January 2022	1,202	4,716	5,503	6,365	17,786
Acquisition of a subsidiary company	-	375	939	-	1,314
Additions	450	-	1,801	253	2,504
Reclassifications	461	(994)	2,266	(1,733)	-
As at 31 December 2022	2,113	4,097	10,509	4,885	21,604
Accumulated depreciation					
As at 1 January 2022	-	147	237	-	384
Acquisition of a subsidiary company	-	55	241	-	296
Charge for the financial year (Note 29)	-	96	197	-	293
As at 31 December 2022	-	298	675	-	973
Net carrying amount					
As at 31 December 2022	2,113	3,799	9,834	4,885	20,631

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5. INVESTMENT PROPERTIES (CONT'D.)

Company	Freehold land MYR'000	Leasehold land MYR'000	Buildings MYR'000	Capital work-in-progress MYR'000	Total MYR'000
2023					
At cost					
As at 1 January 2023	1,773	3,722	8,016	1,618	15,129
Additions	-	-	101	-	101
Reclassifications	-	-	1,618	(1,618)	-
As at 31 December 2023	1,773	3,722	9,735	-	15,230
Accumulated depreciation					
As at 1 January 2023	-	241	371	-	612
Charge for the financial year (Note 29)	-	74	227	-	301
As at 31 December 2023	-	315	598	-	913
Net carrying amount					
As at 31 December 2023	1,773	3,407	9,137	-	14,317
2022					
At cost					
As at 1 January 2022	863	4,716	3,948	3,255	12,782
Additions	450	-	1,801	96	2,347
Reclassifications	460	(994)	2,267	(1,733)	-
As at 31 December 2022	1,773	3,722	8,016	1,618	15,129
Accumulated depreciation					
As at 1 January 2022	-	146	215	-	361
Charge for the financial year (Note 29)	-	95	156	-	251
As at 31 December 2022	-	241	371	-	612
Net carrying amount					
As at 31 December 2022	1,773	3,481	7,645	1,619	14,517

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 MYR4,990,522 (2022 – MYR4,090,774) have been pledged to licensed bank as securities for credit facilities as disclosed in Note 22.

The total fair value of investment properties of the Group and of the Company as at financial year end was MYR24,016,925 (2022 – MYR20,616,609) and MYR17,237,129 (2022 – MYR13,656,609) respectively. The fair value was arrived from Directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

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5. INVESTMENT PROPERTIES (CONT'D.)

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				
2023	-	-	24,016,025	24,016,925
2022	-	-	20,616,609	20,616,609
Company				
2023	-	-	17,237,129	17,237,129
2022	-	-	13,656,609	13,656,609

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 (2022 – MYR56,500 and MYR47,700) is recognised in profit or loss.

Additions of investment properties during the year are by way of : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Contra from trade receivables	340	2,251	-	2,251
Cash	-	253	101	96
	340	2,504	101	2,347

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6. RIGHT-OF-USE ASSETS

Group	Leasehold land MYR'000	Motor vehicles MYR'000	Total MYR'000
At cost			
As at 1 January 2023	1,135	2,533	3,668
Acquisition of a subsidiary company	1,013	-	1,013
Additions	-	710	710
As at 31 December 2023	2,148	3,243	5,391
Accumulated depreciation			
As at 1 January 2023	172	1,368	1,540
Acquisition of a subsidiary company	201	-	201
Charge for the financial year (Note 29)	49	493	542
As at 31 December 2023	422	1,861	2,283
Net carrying amount			
As at 31 December 2023	1,726	1,382	3,108
At cost			
As at 1 January 2022	760	2,833	3,593
Acquisition of a subsidiary company	375	-	375
Additions	-	521	521
Disposal	-	(255)	(255)
Transfer to property, plant and equipment (Note 4)	-	(566)	(566)
As at 31 December 2022	1,135	2,533	3,668
Accumulated depreciation			
As at 1 January 2022	100	1,414	1,514
Acquisition of a subsidiary company	55	-	55
Charge for the financial year (Note 29)	17	589	606
Disposal	-	(68)	(68)
Transfer to property, plant and equipment (Note 4)	-	(566)	(566)
As at 31 December 2022	172	1,369	1,541
Net carrying amount			
As at 31 December 2022	963	1,164	2,127

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6. RIGHT-OF-USE ASSETS (CONT'D.)

Company	Leasehold land MYR'000	Motor vehicles MYR'000	Total MYR'000
At cost			
As at 1 January 2023	760	2,335	3,095
Additions	-	710	710
As at 31 December 2023	760	3,045	3,805
Accumulated depreciation			
As at 1 January 2023	116	1,246	1,362
Charge for the financial year (Note 29)	16	453	469
As at 31 December 2023	132	1,699	1,831
Net carrying amount			
As at 31 December 2023	628	1,346	1,974
At cost			
As at 1 January 2022	760	2,635	3,395
Additions	-	521	521
Disposal	-	(255)	(255)
Transfer to property, plant and equipment (Note 4)	-	(566)	(566)
As at 31 December 2022	760	2,335	3,095
Accumulated depreciation			
As at 1 January 2022	101	1,330	1,431
Charge for the financial year (Note 29)	15	550	565
Disposal	-	(68)	(68)
Transfer to property, plant and equipment (Note 4)	-	(566)	(566)
As at 31 December 2022	116	1,246	1,362
Net carrying amount			
As at 31 December 2022	644	1,089	1,733

The leasehold land of the Group and the Company at net carrying amounts of MYR1,726,344 (2022- MYR963,088) and MYR629,300 (2022 - MYR644,500) respectively have been pledged to licensed banks as securities for credit facilities granted to the Group and to the Company as disclosed in Note 22.

Additions of right-of-use assets are by way of :-

	Group and Company	
	2023 MYR'000	2022 MYR'000
Cash	123	421
Financed by lease agreement	587	100
	710	521

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7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2023 MYR'000	2022 MYR'000
Unquoted shares, at costs :-		
- Within Malaysia	1,651	147
- Outside Malaysia	1	1
	1,652	148

The details of the subsidiary companies are as follows :-

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest	
			2023 %	2022 %
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
KAB TGreen Energy Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are the undertaking of solar projects and its related business	100	100
KAB M&E Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are mechanical & engineering services	100	100

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7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest	
			2023 %	2022 %
Fortune Electrical Services Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are mechanical & engineering services	51	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 O&M Services Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are provision of operation and the maintenance services	100	100
Comtest Electrical Services Sdn. Bhd. (formerly known as 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	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	100
Matahari Suria Sdn. Bhd.	Malaysia	Generation of renewable energy	100	-
PT Inpolo Mitra Elektrindo *	Indonesia	Operation and service related to electricity generation.	100	-
Future Biomass Gasification Sdn. Bhd.	Malaysia	Generation of renewable energy	100	-

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest	
			2023 %	2022 %
Subsidiary company of KAB Robotic and Automation Solutions 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
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	Developing, financing, constructing, operating, and maintaining solar photovoltaic project and projects involving green technology	100	100
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^

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7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest	
			2023 %	2022 %
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
iTrans Green Energy Thai Co., Ltd. (formerly known as Sure Green Co., Ltd) *	Thailand	Dormant since incorporation. Intended principal activities are produce and distribute alternate energy	80	80
Subsidiary companies of KAB Telco Sdn. Bhd.				
KAB Integrated Networks Sdn. Bhd.	Malaysia	Operation of telecommunication infrastructure	100	100
Significant Technologies Sdn. Bhd.	Malaysia	Operation of telecommunication infrastructure	100	100

^ Although the Group has less than 50% of the ownership in the equity interest of Energy Optimization (Thailand) 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 22(c).

Acquisition of subsidiary companies

On 21 June 2023, the Group acquired 100% equity interest in Matahari Suria Sdn. Bhd. ("MSSB") for a total consideration of MYR3,514,007.

On 27 August 2023, the Group acquired 100% equity interest in PT. Inpola Mitra Elektrindo ("PTIME") for a total consideration of MYR10,000.

On 18 October 2023, the Group acquired 80% equity interest in iTrans Green Energy Thai Co., Ltd. ("iTrans") for a total consideration of MYR2,643,380.

On 15 November 2023, the Group acquired 100% equity interest in Future Biomass Gasification Sdn. Bhd. ("FBG") for a total consideration of MYR3,700,000.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Acquisition of subsidiary companies (Cont'd.)

The fair values of the identifiable assets and liabilities as at the date of acquisition were : -

2023	MSSB MYR'000	PTIME MYR'000	iTrans MYR'000	FBG MYR'000	Total MYR'000
Property, plant and equipment	6,362	111,360	-	17,054	134,776
Right-of-use assets	812	-	-	-	812
Deferred tax asset	163	-	-	-	163
Trade receivables	42	1,044	-	-	1,086
Other receivables and deposits	40	428	2,604	2	3,074
Cash and bank balances	585	2,842	-	989	4,416
Borrowings	(1,813)	(16,538)	-	-	(18,351)
Lease liabilities	(888)	-	-	-	(888)
Deferred tax liability	(12)	(4,646)	-	(1,653)	(6,311)
Trade payables	(3)	-	-	(342)	(345)
Other payables	(15)	(73,516)	(4)	(12,266)	(85,801)
Group's interest in fair value of net identifiable assets	5,273	20,974	2,600	3,784	32,631
Cost of business combination	(3,514)	(10)	(2,643)	(3,700)	(9,867)
Bargain purchase gain on acquisition/(Goodwill) (Note 27)	1,759	20,964	(43)	84	22,764

The effect of the acquisition on cash flows is as follows : -

	MSSB MYR'000	PTIME MYR'000	iTrans MYR'000	FBG MYR'000	Total MYR'000
Consideration settled in cash	(3,514)	(10)	(2,643)	(3,700)	(9,867)
Less: Cash and cash equivalents of subsidiary acquired	585	2,842	-	989	4,416
Net cash (outflow)/inflow on acquisition	(2,929)	2,832	(2,643)	(2,711)	(5,451)

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7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Acquisition of subsidiary companies (Cont'd.)

On 10 November 2022, the Group acquired 100% equity interest in Significant Technologies Sdn. Bhd. ("Sigtech") for a total consideration of MYR1,569,784. 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	Sigtech MYR'000
Plant and equipment	818
Intangible assets	140
Investment properties	1,018
Right-of-use assets	320
Deferred tax asset (Note 10)	219
Trade receivables	1,916
Other receivables and deposits	778
Cash and bank balances	262
Borrowings	(2,263)
Group's interest in fair value of net identifiable assets	3,208
Cost of business combination	(1,570)
Bargain purchase gain on acquisition (Note 27)	1,638

The effect of the acquisition on cash flows is as follows:

	MYR'000
Consideration settled in cash	(1,570)
Less: Cash and cash equivalents of subsidiary acquired	262
Net cash outflow on acquisition	(1,308)

8. INVESTMENT IN AN ASSOCIATE COMPANY

	Group	
	2023 MYR'000	2022 MYR'000
Unquoted shares, at costs : -		
As at 1 January	-	-
Acquisition	300	-
As at 31 December	300	-
Company's share of post acquisition profits or losses		
As at 1 January	-	-
Share of profit for current financial year	-	-
As at 31 December	-	-

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8. INVESTMENT IN AN ASSOCIATE COMPANY (CONT'D.)

On 12 December 2023, the Group acquired 30% equity interest in Mentari Kamuning Sdn. Bhd. for a total consideration of MYR300,000.

The associated company is as follows : -

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest	
			2023 %	2022 %
Mentari Kamuning Sdn. Bhd. *	Malaysia	Dormant	30	-

* The company remains dormant since the date of incorporation on 17 August 2023.

9. INTANGIBLE ASSETS

Group	Goodwill MYR'000	Other intangible assets MYR'000	Total MYR'000
At cost			
As at 1 January 2022	4,396	4,570	8,966
Additions	140	-	140
As at 31 December 2022	4,536	4,570	9,106
Acquisition of a subsidiary company	43	-	43
As at 31 December 2023	4,579	4,570	9,149
Accumulated amortisation			
As at 1 January 2022	-	-	-
Charge for the financial year (Note 29)	-	452	452
As at 31 December 2022/31 December 2023	-	452	452
Accumulated impairment loss			
As at 1 January 2023	-	-	-
Impairment (Note 29)	1,012	-	1,012
As at 31 December 2023	1,012	-	1,012
Net carrying amount			
As at 31 December 2023	3,567	4,118	7,685
As at 31 December 2022	4,536	4,118	8,654

NOTES TO THE FINANCIAL STATEMENTS

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9. INTANGIBLE ASSETS (CONT'D.)

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	
	2023 MYR'000	2022 MYR'000
KIEV CRG Sdn. Bhd.	-	252
Energy Optimization (Thailand) Co., Ltd.	730	730
Dynagen Power (M) Sdn. Bhd.	2,794	2,794
iSenze Sdn. Bhd.	-	760
iTrans Green Energy Thai Co., Ltd.	43	-
	3,567	4,536

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% (2022 – 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").

10. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) presented after appropriate offsetting are as follows : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Deferred tax assets	877	348	69	69
Deferred tax liabilities	(8,778)	(1,148)	-	-
	(7,901)	(800)	69	69

NOTES TO THE FINANCIAL STATEMENTS

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10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The movement on the net deferred tax assets/(liabilities) is as follows : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
As at 1 January	(800)	(1,011)	69	69
Acquisition of a subsidiary company (Note 7)	(6,148)	219	-	-
Recognised in profit or loss (Note 32)	(985)	(8)	-	-
Effect of foreign exchange rate changes	32	-	-	-
As at 31 December	(7,901)	(800)	69	69

The components of deferred tax assets and liabilities during the financial year are as follows : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Deferred tax assets				
- Trade receivables	238	238	238	238
- Unutilised tax losses	639	251	-	-
- Unabsorbed capital allowances	4,016	3,614	-	-
	4,893	4,103	238	238
Deferred tax liabilities				
- Property, plant and equipment	(12,707)	(3,719)	(82)	(82)
- Intangible assets	-	(1,097)	-	-
- Trade payables	(87)	(87)	(87)	(87)
	(12,794)	(4,903)	(169)	(169)
	(7,901)	(800)	69	69

Unutilised tax losses and unabsorbed capital allowances of the Group amounted to MYR2,661,148 (2022 – MYR2,735,516) and MYR16,734,805 (2022 – MYR471,190) 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.

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11. OTHER INVESTMENTS

	Group	
	2023 MYR'000	2022 MYR'000
Fair value through other comprehensive income		
Redeemable Convertible Preference Shares	8,007	5,679
At amortised cost		
Ordinary shares	261	-
	8,268	5,679

12. TRADE RECEIVABLES

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Non-current				
Third parties	7,019	9,679	7,019	9,679
Current				
Third parties	73,095	72,640	64,500	69,268
	80,114	82,319	71,519	78,947

The normal credit terms of trade receivables range from 30 to 90 (2022 – 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 MYR22,218,120 (2022 – MYR22,060,099) relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be collected as follows : -

	Group and Company	
	2023 MYR'000	2022 MYR'000
Within 1 year	15,734	12,381
More than 1 year and less than 2 years	6,393	2,449
More than 2 years and less than 5 years	91	7,230
	22,218	22,060

13. INVENTORIES

	Group	
	2023 MYR'000	2022 MYR'000
At cost		
- Finished goods	824	587

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14. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Contract assets	50,544	68,386	49,706	67,621
Contract liabilities	9,059	10,095	5,333	10,095

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	
	2023 MYR'000	2022 MYR'000
Amounts included in contract liabilities at the beginning of the financial year	10,095	7,273

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows : -

	Group and Company	
	2023 MYR'000	2022 MYR'000
Within one year	281,864	114,204
More than one year	70,467	28,551
	352,331	142,755

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Other receivables	4,097	1,008	-	269
Deposits	1,780	1,302	384	295
Prepayments	2,903	1,432	-	-
	8,780	3,742	384	564

NOTES TO THE FINANCIAL STATEMENTS

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16. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

Company

The amount due from/(to) subsidiary companies are unsecured, interest free and repayable on demand.

17. DEPOSITS WITH LICENSED BANKS

Included in deposits with licensed banks of the Group and of the Company are amounts of MYR36,225,398 (2022 – MYR33,436,824) and MYR31,961,714 (2022 – MYR32,240,006) 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 22.

The effective interest rates of fixed deposits with licensed banks during the financial year range from 1.90% to 3.00% (2022 – 1.55% to 2.45%) per annum.

18. SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares'000		MYR'000	MYR'000
Issued and fully paid :-				
As at 1 January	1,807,995	1,777,995	103,597	93,809
Issuance of shares	137,121	30,000	45,250	9,788
As at 31 December	1,945,116	1,807,995	148,847	103,597

During the financial year, the issued and paid-up share capital of the Company was increased from 1,807,994,669 ordinary shares to 1,945,115,881 ordinary shares by way of the issuance of: 137,121,212 new ordinary shares for cash pursuant to the private placement at exercise price of MYR0.33 per ordinary share.

In the previous 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 :-

- 20,000,000 new ordinary shares for cash pursuant to the private placement at an exercise price of MYR0.3019 per ordinary share; and
- 10,000,000 new ordinary shares for cash pursuant to the private placement at an exercise price of MYR0.375 per ordinary share.

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.

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19. 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.

20. TREASURY SHARES

At the end of the reporting period, 88,898 (2022 – 88,898) issued and fully paid ordinary shares are held as treasury shares by the Company.

21. 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.

22. BORROWINGS

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Non-current				
<u>Secured</u>				
Term loans	68,733	17,860	22,927	5,306
Medium term notes	-	17,100	-	-
	68,733	34,960	22,927	5,306
Current				
<u>Secured</u>				
Banker acceptance	15,662	7,726	15,662	7,726
Trade finance	550	11,074	550	11,074
Revolving credit	8,601	3,901	7,801	2,001
Bank overdrafts	19,154	13,930	19,154	13,694
Term loans	13,044	3,114	245	500
Medium term notes	-	2,850	-	-
	57,011	42,595	43,412	34,995
Total borrowings				
<u>Secured</u>				
Banker's acceptance	15,662	7,726	15,662	7,726
Trade finance	550	11,074	550	11,074
Revolving credit	8,601	3,901	7,801	2,001
Bank overdrafts	19,154	13,930	19,154	13,694
Term loans	81,777	20,974	23,172	5,806
Medium term notes	-	19,950	-	-
	125,744	77,555	66,339	40,301

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22. BORROWINGS (CON'T.D)

The effective interest rates for the Group and the Company are as follows : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Banker's acceptance	3.33 - 5.23	5.23 - 6.00	3.33 - 5.23	5.23
Trade finance	5.05	6.00 - 6.51	5.05	6.51
Revolving credit	2.97 - 6.76	4.80 - 5.20	4.80 - 5.20	4.80 - 5.20
Bank overdrafts	6.67 - 7.57	6.67 - 7.57	6.67 - 7.57	6.67 - 7.57
Term loans	3.47 - 10.65	3.70 - 7.07	4.00 - 10.65	3.70 - 7.07
Medium term notes	-	4.25 - 5.75	-	-

The remaining maturities of the borrowings as at 31 December 2023 are as follows : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
On demand or within one year	57,011	42,595	43,412	34,995
Later than one year and not later than two years	20,606	5,122	5,258	512
Later than two years and not later than five years	33,374	20,395	16,504	2,315
Later than five years	14,753	9,443	1,165	2,479
	125,744	77,555	66,339	40,301

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 : -

- first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 5; and
- a lien over fixed deposits of the Company.

b) Term loans

Term loan 1

The term loan 1 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.

22. BORROWINGS (CONT'D.)

b) Term loans (Cont'd.)

Term loan 2

The term loan 2 is secured by party legal charge over a service apartment of the Group and the Company as disclosed in Note 5.

Term loan 3

The term loan 3 is secured by the followings : -

- Facilities agreement for the sum of all monies securities; and
- a lien over fixed deposits of the Company.

Term loan 4

The term loan 4 is secured by the followings : -

- First ranking legal charge over a number of ordinary shares of the Company; and
- personal guarantee by a director of the Company, Dato' Lai Keng Onn.

Term loan 5

The term loan 5 is secured by the followings : -

- Facilities agreement for the sum of all monies securities;
- a lien over fixed deposits; and
- corporate guarantee by the Company.

Term loan 6

The term loan 6 is secured by the followings : -

- Facilities agreement for the sum of all monies securities;
- a lien over fixed deposits; and
- corporate guarantee by the Company.

Term loan 7

The term loan 7 is secured by the followings : -

- Facilities agreement for the sum of all monies securities;
- corporate guarantee by the Company and shareholder of the subsidiary; and
- personal guarantee by a director of the subsidiary, Heng Boon Liang.

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22. BORROWINGS (CONT'D.)

b) Term loans (Cont'd.)

Term loan 8

The term loan 8 is secured by the followings : -

- i) Facilities agreement for the sum of all monies securities;
- ii) a lien over fixed deposits;
- iii) corporate guarantee by the Company; and
- iv) fixed charge of over project proceeds and plant and equipment as disclosed in Note 4.

Term loan 9

The term loan 9 is secured by the following : -

- i) Facilities agreement for the sum of all monies securities;
- ii) assignment of all rights, interests, and benefits in and under all agreements entered into by Dynagen Power (M) Sdn. Bhd. and KAB Carewell O&M Services Sdn. Bhd. with Safran Landing Systems Malaysia Sdn. Bhd.; and
- iii) corporate guarantee by the Company.

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 11 is secured by the followings : -

- i) Personal guarantee by a director of the subsidiary, ChanChai Kitprotpisuth;
- ii) pledged of bank deposit of a director of the subsidiary, ChanChai Kitprotpisuth; and
- iii) guarantee executed by third party, Thai Credit Guarantee Corporation (TCG).

Term loan 12

The term loan is 12 is secured by the followings : -

- i) Facility agreement for the sum of all monies securities;
- ii) first party legal charges over leasehold land and building of the subsidiary as disclosed in Note 5;
- iii) assignment of project proceeds and charge over project accounts on certain identified awarded contracts; and
- iv) 80% guarantee executed by a third party, Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under Government Guarantee Scheme COVID19.

22. BORROWINGS (CONT'D.)

b) Term loans (Cont'd.)

Term loan 13

The term loan is 13 is secured by the followings : -

- i) Corporate guarantee by the Company;
- ii) first party legal charges over leasehold land and building of the subsidiary as disclosed in Note 4; and
- iii) assignment of the rights and benefits of the Supply Agreement with Renewable Energy (SARE) or the Private Power Purchase Agreement and the proceeds from the sale of power.

Term loan 14

The term loan is 14 is secured by the followings : -

- i) Financing Facilities agreement for the sum of all monies securities;
- ii) a lien over fixed deposits;
- iii) assignment of all rights, interests, and benefits of the Customer and the proceeds from the sales of electricity in respect of the Renewable Energy Power Purchase Agreement (REPPA); and
- iv) Corporate guarantee by the Company.

c) Medium term notes

In the previous financial year, 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 up to MYR19.95 million ("Tranche 1 Sukuk Murabahah").

Tranche 1 Sukuk Murabahah is secured against various assets of the Group ("Series 1 of Tranche 1 Sukuk Murabahah") and by a financial guarantee from Danajamin Nasional Berhad ("Series 2 of Tranche 1 Sukuk Murabahah").

During the financial year, the Group has fully settled the medium term notes.

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23. LEASE LIABILITIES

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Minimum lease payments : -				
- not later than one year	435	303	320	274
- later than one year and not later than two years	435	223	320	193
- later than two years and not later than five years	550	158	264	97
- later than five years	852	-	-	-
	2,272	684	904	564
Less: Future interest charge	(494)	(39)	(81)	(30)
Present value of lease liabilities	1,778	645	823	534
Repayable as follows : -				
Non-current				
- later than one year and not later than two years	360	211	292	185
- later than two years and not later than five years	407	154	239	94
- later than five years	655	-	-	-
	1,422	365	531	279
Current				
- not later than one year	356	280	292	255
	1,778	645	823	534

The effective interest rates for the Group and the Company are as follows : -

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Lease liabilities	4.75 - 6.16	3.77 - 4.84	4.75 - 6.16	3.77 - 4.84

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.

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24. TRADE PAYABLES

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Non-current				
Third parties	2,974	4,168	2,974	4,168
Current				
Third parties	51,871	54,161	38,226	50,516
	54,845	58,329	41,200	54,684

The normal credit terms of trade payables range from 30 to 120 days (2022 - 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 MYR15,939,654 (2022 - MYR14,020,178) relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be paid as follows : -

	Group and Company	
	2023 MYR'000	2022 MYR'000
Within 1 year	12,966	9,852
More than 1 year and less than 2 years	2,974	1,496
More than 2 years and less than 5 years	-	2,672
	15,940	14,020

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Other payables	17,921	129	124	126
Accruals	108	1,944	216	1,298
Deposits received	5,561	56	76	39
	23,590	2,129	416	1,463

Included in other payables of the Group is an amount due to corporate shareholders of the subsidiary companies amounting to MYR174,664 (2022 - MYR178,664).

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26. REVENUE

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Revenue from construction contracts	118,561	153,540	93,234	153,540
Revenue from services rendered	36,327	13,106	43	128
Revenue from sale of goods	44,068	20,118	42,469	20,118
Total revenue from contracts with customers	198,956	186,764	135,746	173,786
Rental income	358	238	-	-
Total revenue	199,314	187,002	135,746	173,786
Timing of revenue : -				
- at a point in time	44,068	20,118	42,555	20,119
- over time	154,888	166,646	93,191	153,667
Total revenue from contracts with customers	198,956	186,764	135,746	173,786
Primary geographical markets : -				
- Malaysia	192,735	185,456	135,746	173,786
- Thailand	2,389	1,308	-	-
- Indonesia	4,190	-	-	-
Total revenue from contracts with customers	199,314	186,764	135,746	173,786

27. OTHER INCOME

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Unwinding of discount on trade receivables	465	484	465	484
Reversal of impairment loss on trade receivables no longer required (Note 37(c)(i))	-	28	-	28
Interest income	496	517	355	464
Rental income	245	126	228	178
Sundry income	605	110	178	104
Realised gain on foreign exchange	16	-	-	-
Bargain purchase gain on acquisition	22,807	1,638	-	-
	24,634	2,903	1,226	1,258

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28. FINANCE COSTS

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Interest on bank overdraft	861	648	843	631
Interest on banker acceptance	679	358	679	358
Charges on letter of credit	57	20	22	19
Commission fee on bank guarantee	45	-	-	-
Interest on revolving credit	369	121	311	110
Interest on term loans	2,700	2,107	534	303
Interest on trade finance	530	371	521	365
Interest on lease liabilities	49	37	45	35
Total interest expense	5,290	3,662	2,955	1,821
Unwinding of discount on trade payables	35	171	35	171
Charges on early redemption sum	347	-	-	-
Credit guarantee corporation (CGC) guarantee fee	201	-	-	-
Total finance costs (Note 37(b))	5,873	3,833	2,990	1,992

29. PROFIT BEFORE TAXATION

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
This is arrived at after charging : -				
Auditors' remuneration : -				
- Kreston John & Gan				
- statutory audit	214	157	122	100
- other services	13	13	13	13
- other auditors	91	36	-	-
Depreciation : -				
- property, plant and equipment (Note 4)	4,558	3,534	336	343
- investment properties (Note 5)	418	293	301	251
- right-of-use assets (Note 6)	542	606	469	565
Amortisation of intangible assets (Note 9)	-	452	-	-
Employee benefits expense (Note 30)	13,606	18,601	8,052	15,539
Impairment loss on : -				
- trade receivables	3,247	121	-	121
- intangible assets	1,012	-	-	-
- property, plant and equipment	1,260	-	-	-
Loss on disposal of right-of-use assets	-	12	-	12
Plant and equipment written off	-	60	-	-
Rental of equipment	139	173	132	163
Rental of premises	198	279	137	99

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30. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Salaries, bonus, wages and allowances	12,181	16,676	7,227	13,938
Defined contribution plan	1,305	1,754	761	1,464
Social security cost	107	154	57	123
Employment Insurance System	13	17	7	14
	13,606	18,601	8,052	15,539

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments excluding benefits-in-kind, amounting to MYR3,580,866 (2022 – MYR3,182,088) and MYR2,771,226 (2022 - MYR3,182,088) respectively as disclosed in Note 31.

31. DIRECTORS' EMOLUMENTS

The details of remuneration receivable by directors of the Group and the Company during the year are as follows : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Executive directors				
Salaries and defined contribution plan	2,924	2,702	2,184	2,702
Bonus	377	201	377	201
Allowances	276	276	207	276
Social security cost	4	3	4	3
Employment Insurance System	*	*	*	*
Total executive directors' remuneration (excluding benefits-in-kind) (Note 30)	3,581	3,182	2,772	3,182
Estimated money value of benefits-in-kind	46	41	33	41
Total executive directors' remuneration (including benefits-in-kind)	3,627	3,223	2,805	3,223
Non-executive directors				
Fees	470	450	470	450
	4,097	3,673	3,275	3,673

* Less than MYR1,000

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32. INCOME TAX EXPENSE

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Malaysian income tax : -				
- current year	454	2,190	-	2,150
- (over)/under provision in prior years	124	(70)	90	(104)
	578	2,120	90	2,046
Deferred taxation (Note 10) : -				
- current year	505	-	-	-
- under provision in prior years	480	8	-	-
	985	8	-	-
	1,563	2,128	90	2,046

Income tax is calculated at the Malaysian statutory tax rates of 24% (2022 – 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the subsidiary of the Group in Hong Kong, Thailand, Indonesia and Vietnam are 16.5%, 20%, 22% and 20% (2022 – 16.5%, 20%, NIL and 20%) respectively.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows : -

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Applicable tax rate	24	24	24	24
Different tax rates in other countries	*	*	-	-
Non-allowable expenses	4	117	-	12
Non-taxable income	*	-	-	-
Utilisation of previously unrecognised tax credits	(25)	(24)	(24)	-
Temporary differences not recognised	-	21	-	1
(Over)/under provision of income tax in prior years	*	(4)	37	(2)
Under/(over) provision of deferred tax in prior years	*	*	-	-
Deferred tax assets not recognised during the financial year	2	-	-	-
Effective tax rate	5	134	37	35

* Less than 1%

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33. 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	
	2023	2022
Profit for the financial year attributable to ordinary owners of the Company (MYR'000)	27,405	2,856
Weighted average number of ordinary shares in issue (unit)	1,841,054,030	1,800,871,381
Basic earnings per share (sen)	1.49	0.16

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	
	2023	2022
Profit for the financial year attributable to ordinary owners of the Company (MYR'000)	27,405	2,856
Weighted average number of ordinary shares in issue (unit)	1,841,054,030	1,800,871,381
Adjusted for assumed exercise of private placements (unit)	224,459,778	361,581,000
Adjusted for assumed exercise of warrants of shares (unit)	845,902,607	845,902,607
	2,911,416,415	3,008,354,988
Diluted earnings per share (sen)	0.94	0.09

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34. 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 MYR'000	Net change in financing cash flows MYR'000	Purchase of plant and equipment MYR'000	Acquisition of new lease MYR'000	Acquisition of new subsidiary companies MYR'000	Effect of foreign exchange rate changes MYR'000	At 31 December MYR'000
Group							
2023							
Term loans	20,974	39,190	2,788	-	18,352	474	81,777
Medium term notes	19,950	(19,950)	-	-	-	-	-
Other borrowings	22,701	2,112	-	-	-	-	24,813
Lease liabilities	645	(342)	-	587	888	-	1,778
	64,270	21,010	2,788	587	19,239	474	108,368
2022							
Term loans	32,867	(14,155)	-	-	2,262	-	20,974
Medium term notes	-	19,950	-	-	-	-	19,950
Other borrowings	24,966	(2,265)	-	-	-	-	22,701
Lease liabilities	1,070	(525)	-	100	-	-	645
	58,903	3,005	-	100	2,262	-	64,270

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34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D.)

	At 1 January MYR'000	Net change in financing cash flows MYR'000	Acquisition of new lease MYR'000	At 31 December MYR'000
Company				
2023				
Term loans	5,806	17,366	-	23,172
Other borrowings	20,801	3,212	-	24,013
Lease liabilities	534	(298)	587	823
	27,141	20,280	587	48,008
2022				
Term loans	6,045	(239)	-	5,806
Other borrowings	24,966	(4,165)	-	20,801
Lease liabilities	935	(501)	100	534
	31,946	(4,905)	100	27,141

Cash outflows for leases as a lessee : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Included in cash flows from operating activities : -				
Payment relating to short-term leases	198	279	137	99
Payment relating to low-value assets	139	173	132	163
Interest paid in relation to lease liabilities	49	37	45	35
Included in cash flows from financing activities : -				
Repayment of lease liabilities	342	525	298	501
	728	1,014	612	798

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35. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Cash and bank balances	23,084	12,653	3,352	2,330
Bank overdraft (Note 22)	(19,154)	(13,930)	(19,154)	(13,694)
Deposits with licensed banks	40,924	34,836	36,652	33,357
	44,854	33,559	20,850	21,993
Less: Pledged deposits	(36,226)	(33,438)	(31,962)	(32,241)
	8,628	121	(11,112)	(10,248)

The currency exposure profiles of cash and cash equivalents are as follows : -

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Ringgit Malaysia	40,510	33,166	20,850	21,992
Indonesian Rupiah	2,868	-	-	-
Thai Baht	1,402	299	-	-
Hong Kong Dollar	12	15	-	-
Vietnamese Dong	62	78	-	-
	44,854	33,558	20,850	21,992

36. 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 : -

Engineering : Provision of 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.

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36. SEGMENT INFORMATION (CONT'D.)

a) Business segment

2023	Engineering MYR'000	SES MYR'000	Non- reportable segments MYR'000	Total MYR'000	Eliminations MYR'000	Consolidated MYR'000
Revenue						
External customers	137,345	58,986	2,983	199,314	-	199,314
Inter-segment	1	3,715	511	4,227	(4,227)	-
	137,346	62,701	3,494	203,541	(4,227)	199,314
Results						
Interest income	355	141	-	496	-	496
Interest expenses	(2,955)	(2,265)	(1,645)	(6,865)	1,575	(5,290)
Impairment loss on trade receivables	(917)	-	(2,330)	(3,247)	-	(3,247)
Depreciation of property, plant and equipment	(336)	(3,992)	(230)	(4,558)	-	(4,558)
Depreciation of investment properties	(301)	-	(117)	(418)	-	(418)
Depreciation of right-of-use assets	(468)	(66)	(8)	(542)	-	(542)
Amortisation of intangible assets	-	(1,012)	-	(1,012)	-	(1,012)
Impairment loss of property, plant and equipment	-	(1,260)	-	(1,260)	-	(1,260)
Unwinding of discount on trade receivables	(465)	-	-	(465)	-	(465)
Taxation	(105)	(570)	(21)	(696)	(867)	(1,563)
Segment results	230	29,344	(1,983)	27,591	-	27,591
Assets						
Additions to non-current assets	945	13,988	1,803	16,736	(112)	16,624
Segment assets	303,214	290,991	67,099	661,304	(225,490)	435,814
Segment liabilities						
	116,411	242,533	58,137	417,081	(193,287)	223,794

36. SEGMENT INFORMATION (CONT'D.)

a) Business segment (Cont'd.)

2022	Engineering MYR'000	SES MYR'000	Non- reportable segments MYR'000	Total MYR'000	Eliminations MYR'000	Consolidated MYR'000
Revenue						
External customers	173,786	11,191	2,025	187,002	-	187,002
Inter-segment	-	5,959	-	5,959	(5,959)	-
	173,786	17,150	2,025	192,961	(5,959)	187,002
Results						
Interest income	465	1,169	38	1,672	(1,155)	517
Interest expenses	(1,821)	(2,817)	(212)	(4,850)	1,188	(3,662)
Impairment loss on trade receivables	(121)	-	-	(121)	-	(121)
Reversal of impairment loss on trade receivables no longer required	28	-	-	28	-	28
Depreciation of property, plant and equipment	(343)	(3,174)	(17)	(3,534)	-	(3,534)
Depreciation of investment properties	(251)	-	(42)	(293)	-	(293)
Depreciation of right-of-use assets	(565)	(40)	(1)	(606)	-	(606)
Plant and equipment written off	-	-	(60)	(60)	-	(60)
Unwinding of discount on trade receivables	484	-	-	484	-	484
Taxation	(2,046)	(80)	(2)	(2,128)	-	(2,128)
Segment results	3,665	2,584	(4,552)	1,697	1,092	2,789
Assets						
Additions to non-current assets	2,881	6,665	2,355	11,901	(112)	11,789
Segment assets	249,210	98,795	31,911	379,916	(92,998)	286,918
Segment liabilities						
	107,486	92,848	34,196	234,530	(84,629)	149,901

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36. SEGMENT INFORMATION (CONT'D.)

a) Business segment (Cont'd.)

Additions to non-current assets consist of : -

	2023 MYR'000	2022 MYR'000
Property, plant and equipment	15,574	8,624
Investment properties	340	2,504
Right-of-use assets	710	521
Intangible assets	-	140
	16,624	11,789

b) Geographical information

Geographical information of revenue by location of customers is disclosed in Note 26.

Non-current assets information based on the geographical location of assets are as follows : -

	Non-current assets	
	2023 MYR'000	2022 MYR'000
Malaysia	99,872	70,439
Thailand	10,095	7,683
Indonesia	109,200	-
	219,167	78,122

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position : -

	2023 MYR'000	2022 MYR'000
Property, plant and equipment	187,821	46,710
Investment properties	20,553	20,631
Right-of-use assets	3,108	2,127
Intangible assets	7,685	8,654
	219,167	78,122

c) Information about a major customer

Revenue from one (2022 – one) major customer amount to MYR5,607,338 (2022 – MYR7,705,587), arising from sales by the construction segment.

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37. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Financial assets measured at amortised cost ("FAAC");
- Financial assets measured at fair value through other comprehensive income ("FVTOCI"); and
- Financial liabilities measured at amortised cost ("FLAC").

Group	Carrying amount MYR'000	FAAC MYR'000	FVTOCI MYR'000	FLAC MYR'000
2023				
Financial assets				
Other investments	8,268	261	8,007	-
Trade receivables	80,114	80,114	-	-
Other receivables and deposits	5,877	5,877	-	-
Deposits with licensed banks	40,924	40,924	-	-
Cash and bank balances	23,084	23,084	-	-
	158,267	150,260	8,007	-
Financial liabilities				
Trade payables	(54,845)	-	-	(54,845)
Other payables and accruals	(23,590)	-	-	(23,590)
Borrowings	(125,744)	-	-	(125,744)
Lease liabilities	(1,778)	-	-	(1,778)
	(205,957)	-	-	(205,957)
2022				
Financial assets				
Other investments	5,679	-	5,679	-
Trade receivables	82,319	82,319	-	-
Other receivables and deposits	2,310	2,310	-	-
Deposits with licensed banks	34,836	34,836	-	-
Cash and bank balances	12,653	12,653	-	-
	137,797	132,118	5,679	-
Financial liabilities				
Trade payables	(58,329)	-	-	(58,329)
Other payables and accruals	(2,129)	-	-	(2,129)
Borrowings	(77,555)	-	-	(77,555)
Lease liabilities	(645)	-	-	(645)
	(138,658)	-	-	(138,658)

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37. FINANCIAL INSTRUMENTS (CONT'D.)

a) Categories of financial instruments (Cont'd.)

Company	Carrying amount MYR'000	FAAC MYR'000	FLAC MYR'000
2023			
Financial assets			
Trade receivables	71,519	71,519	-
Other deposits	384	384	-
Amount due from subsidiary companies	115,867	115,867	-
Deposits with licensed banks	36,652	36,652	-
Cash and bank balances	3,352	3,352	-
	227,774	227,774	-
Financial liabilities			
Trade payables	(41,200)	-	(41,200)
Other payables and accruals	(416)	-	(416)
Amount due to subsidiary companies	(788)	-	(788)
Borrowings	(66,339)	-	(66,339)
Lease liabilities	(823)	-	(823)
	(109,566)	-	(109,566)
2022			
Financial assets			
Trade receivables	78,947	78,947	-
Other receivables and deposits	564	564	-
Amount due from subsidiary companies	45,595	45,595	-
Deposits with licensed banks	33,357	33,357	-
Cash and bank balances	2,330	2,330	-
	160,793	160,793	-
Financial liabilities			
Trade payables	(54,684)	-	(54,684)
Other payables and accruals	(1,463)	-	(1,463)
Amount due to subsidiary companies	(409)	-	(409)
Borrowings	(40,301)	-	(40,301)
Lease liabilities	(534)	-	(534)
	(97,391)	-	(97,391)

37. FINANCIAL INSTRUMENTS (CONT'D.)

b) Gains and losses arising from financial instruments

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Net gains/(losses) on : -				
Financial assets measured at amortised costs	961	1,001	820	948
Financial liabilities measured at amortised costs (Note 28)	(5,873)	(3,833)	(2,990)	(1,992)

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.

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37. 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 MYR5,607,338 (2022 – MYR7,705,587) due from one (2022 – one) customer which represents 7% (2022 – 10%) 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 MYR37,186,082 (2022 – MYR27,913,639) 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.

37. 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'000	Retention sum MYR'000	Trade receivables (excluding retention sum)					Total MYR'000
			Within 1 year MYR'000	1 to 2 years MYR'000	2 to 3 years MYR'000	3 to 4 years MYR'000	>4 years MYR'000	
2023								
Expected credit loss rate	0.20%	0.20%	5.42%	0.14%	0.17%	0.13%	-	
Gross carrying amount	50,544	22,218	57,181	336	153	226	-	130,658
Expected credit loss	103	45	3,099	*	*	*	-	3,247

2022								
Expected credit loss rate	0.03%	0.03%	0.03%	0.08%	0.07%	-	100%	
Gross carrying amount	68,386	22,060	55,857	4,106	184	-	112	150,706
Expected credit loss	20	7	18	3	*	-	112	160

Company	Contract assets MYR'000	Retention sum MYR'000	Trade receivables (excluding retention sum)					Total MYR'000
			Within 1 year MYR'000	1 to 2 years MYR'000	2 to 3 years MYR'000	3 to 4 years MYR'000	>4 years MYR'000	
2023								
Expected credit loss rate	0.01%	0.20%	0.23%	0.14%	0.17%	0.15%	-	
Gross carrying amount	49,706	22,218	47,731	905	438	226	-	121,224
Expected credit loss	5	45	109	1	*	*	-	160

2022								
Expected credit loss rate	0.03%	0.03%	0.03%	0.08%	0.07%	-	100%	
Gross carrying amount	67,621	22,060	52,484	4,107	184	-	112	146,568
Expected credit loss	20	7	18	3	-	-	112	160

* Less than MYR1,000

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37. 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 and contract assets during the financial year are as follows : -

	Lifetime ECL MYR'000	Credit impaired MYR'000	Total MYR'000
Group			
At 1 January 2022	67	-	67
Addition (Note 29)	121	-	121
Reversal of impairment loss on trade receivables no longer required (Note 27)	(28)	-	(28)
At 31 December 2022	160	-	160
Addition (Note 29)	-	3,247	3,247
At 31 December 2023	160	3,247	3,407
Company			
At 1 January 2022	67	-	67
Addition (Note 29)	121	-	121
Reversal of impairment loss on trade receivables no longer required (Note 27)	(28)	-	(28)
At 1 January/ 31 December 2023	160	-	160

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.

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37. 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'000	1 - 2 years MYR'000	2 - 5 years MYR'000	More than 5 years MYR'000	Total MYR'000
2023					
Financial liabilities					
Trade payables	51,871	2,974	-	-	54,845
Other payables and accruals	23,536	-	54	-	23,590
Borrowings	58,843	23,303	38,267	16,566	136,979
Lease liabilities	435	435	550	852	2,272
	134,685	26,712	38,871	17,418	217,686
2022					
Financial liabilities					
Trade payables	54,161	1,570	3,013	-	58,744
Other payables and accruals	2,129	-	-	-	2,129
Borrowings	43,931	3,311	13,828	5,181	66,251
Lease liabilities	303	223	158	-	684
	100,524	5,104	16,999	5,181	127,808

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37. 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'000	1 - 2 years MYR'000	2 - 5 years MYR'000	More than 5 years MYR'000	Total MYR'000
2023					
Financial liabilities					
Trade payables	38,226	2,974	-	-	41,200
Other payables and accruals	416	-	-	-	416
Amount due to subsidiary companies	788	-	-	-	788
Borrowings	43,284	245	3,516	19,294	66,339
Lease liabilities	320	320	264	-	904
Financial guarantee*	37,186	-	-	-	37,186
	120,220	3,539	3,780	19,294	146,833
2022					
Financial liabilities					
Trade payables	50,516	1,571	3,013	-	55,100
Other payables and accruals	1,463	-	-	-	1,463
Amount due to subsidiary companies	409	-	-	-	409
Borrowings	35,356	861	3,200	3,690	43,107
Lease liabilities	274	193	97	-	564
Financial guarantee*	27,914	-	-	-	27,914
	115,932	2,625	6,310	3,690	128,557

* Based on the maximum amount that can be called for under the financial guarantee contract.

37. 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	2023 MYR'000	Interest rate %	2022 MYR'000	Interest rate %
<i>Fixed rate instruments</i>				
Lease liabilities	1,778	4.75 - 6.16	645	3.77 - 4.84
Borrowings	-	-	19,950	4.25 - 5.75
<i>Floating rate instruments</i>				
Borrowings	125,744	2.97 - 10.65	57,605	3.70 - 7.57

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37. 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	2023 MYR'000	Interest rate %	2022 MYR'000	Interest rate %
<i>Fixed rate instruments</i>				
Lease liabilities	823	4.75 - 6.16	534	3.77 - 4.84
<i>Floating rate instruments</i>				
Borrowings	66,339	3.33 - 10.65	40,301	3.70 - 7.57

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 MYR95,565 and MYR50,418 (2022 – MYR23,300 and MYR11,665) 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.

37. 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		
2023										
Financial assets										
Other investments	-	-	8,007	8,007	-	-	-	-	8,007	8,007
Financial liability										
Lease liabilities	-	-	-	-	-	-	2,272	2,272	2,272	1,778
2022										
Financial assets										
Other investments	-	-	5,679	5,679	-	-	-	-	5,679	5,679
Financial liabilities										
Medium term notes	-	-	-	-	-	-	24,521	24,521	24,521	19,950
Lease liabilities	-	-	-	-	-	-	686	686	686	645

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		
2023										
Financial liabilities										
Lease liabilities	-	-	-	-	-	-	904	904	904	823
2022										
Financial liabilities										
Lease liabilities	-	-	-	-	-	-	564	564	564	534

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37. 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 : - <ul style="list-style-type: none"> - 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.

38. 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	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Total borrowings	125,744	77,555	66,339	40,301
Total lease liabilities	1,778	645	823	534
Total financing	127,522	78,200	67,162	40,836
Total equity	212,020	137,017	187,130	141,724
Finance-to-equity ratio	0.60	0.57	0.36	0.29

There was no change in the Group's and the Company's approach to capital management during the financial year.

39. CAPITAL COMMITMENT

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Authorised and contracted for:				
- Property, plant and equipment	-	400	-	-
- Investment properties	573	101	-	101
	573	501	-	101

40. 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.

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40. 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 16.

	Group	
	2023 MYR'000	2022 MYR'000
<i>Transactions with corporate shareholders</i>		
YL Global Ventures Sdn. Bhd.		
- Advances from corporate shareholder	-	150
Evergreen Thumbsup Sdn. Bhd.		
- Advances from corporate shareholder	-	6

	Company	
	2023 MYR'000	2022 MYR'000
<i>Transactions with subsidiary companies</i>		
Signature Management Sdn. Bhd.		
- Management fee	140	298

Compensation of key management personnel

	Group		Company	
	2023 MYR'000	2022 MYR'000	2023 MYR'000	2022 MYR'000
Short-term employee benefits	4,597	4,105	3,134	3,634
Defined contribution plan	453	414	299	370
Benefits-in-kind	57	45	33	41
	5,107	4,564	3,466	4,045

Included in key management personnels compensation is directors' emoluments as disclosed in Note 31.

41. SIGNIFICANT EVENTS

- (i) Proposed Acquisition of PT Inpola Mitra Elektrindo ("PTIME") from Sarawak Cable Berhad ("SCB")

On 29 July 2022, KAB Energy Holdings Sdn. Bhd. ("KABEH") entered into a share purchase agreement with SCB and 3 individuals to acquire 100% of the total paid-up capital in PTIME for a total consideration of RM10,000. In addition, KABEH will facilitate the settlement of debts, liabilities and shareholders' advances of PTIME capped at RM74.99 million.

The Company had obtained the approval from its shareholders at an Extraordinary General Meeting ("EGM") held on 27 April 2023.

On 27 August 2023, the transfer of all ordinary shares of PTIME to KABEH was completed. Accordingly, PTIME became a wholly owned subsidiary of KABEH.

- (ii) Proposed Acquisition of Matahari Suria Sdn. Bhd. ("MSSB") from Unique Forging & Components Sdn. Bhd. ("UFC")

On 18 August 2022, KABEH entered into a Share Sale Agreement with UFC to acquire 100% of the total paid-up capital in MSSB for a total consideration of MYR5.30 million.

On 21 June 2023, the transfer of all the ordinary shares of MSSB to KABEH was completed. Accordingly, MSSB became a wholly owned subsidiary of KABEH.

- (iii) Proposed Acquisition of Future Biomass Gasification Sdn. Bhd. ("FBG") from Future NRG Sdn. Bhd. ("FNSB")

On 16 January 2023, KABEH entered into a Sale and Purchase of Shares Agreement with FNSB to acquire 100% of the total paid-up capital in FBG for a total consideration of MYR15 million.

On 15 November 2023, the transfer of all the ordinary shares of FBG to KABEH was completed. Accordingly, FBG became a wholly owned subsidiary of KABEH.

42. EVENT AFTER THE REPORTING PERIOD

- Proposed Acquisition of Tunjang Tenaga Sdn. Bhd. ("TTSB") from Vizione Energy Sdn. Bhd. ("VESB") ("Proposed Acquisition of TTSB")

On 28 February 2024, KABEH entered into a Share Purchase Agreement ("SPA") with VESB to acquire 100% of the paid-up capital of TTSB consisting of 200,100 ordinary shares and 425,000 preference shares for a total consideration of RM200.

As at the date of this report, both parties are in the midst of fulfilling the conditions precedent of the SPA.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Dato' Lai Keng Onn and Choong Gaik Seng, being two of the directors of Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad), do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 97 to 179 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 as at 31 December 2023 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

Kuala Lumpur,
Date : 30 April 2024

Choong Gaik Seng

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Chin Sze How, MIA No. 44678, being the officer primarily responsible for the financial management of Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad), do solemnly and sincerely declare that the financial statements set out on pages 97 to 179, 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 on 30 April 2024

**Chin Sze How
(MIA No. 44678)**

Before me

Commissioner for Oaths

LIST OF PROPERTIES

Location and Address of Properties	Brief Description and Existing Use	Land ("L")/ Built-Up Area ("BUA") (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition ("A")/ Valuation ("V")	Audited Net Book Value As At 31.12.2023 (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	570 (BUA)	9	99-year leasehold, expiring on 5 April 2110 (i.e. remaining tenure of approximately 86 years as at Dec'23)	23 Mar 2017 (V)	3,262,901
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	222.96 (BUA)	28	Freehold	28 April 2017 (V)	1,126,666
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	153 (BUA)	7	Freehold	9 September 2021 (V)	1,315,526
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	144.65 (BUA)	7	Freehold	7 September 2021 (V)	692,099

Location and Address of Properties	Brief Description and Existing Use	Land ("L")/ Built-Up Area ("BUA") (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition ("A")/ Valuation ("V")	Audited Net Book Value As At 31.12.2023 (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	59 (BUA)	7	Freehold	13 June 2016 (A)	315,152
PN 62395, Lot 57417, Mukim of Bukit Raja, Daerah Petaling, Negeri Selangor	Vacant land held for development	6,015 (L)	Not applicable	99-year leasehold, expiring on 3 December 2105 (i.e. remaining tenure of approximately 81 years as at Dec'23)	1 July 2021 (V)	3,190,207
Geran 321056, Lot 72023 (formerly 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	90.3 (BUA)	2	Freehold	27 February 2019 (A)	656,530
Geran 78870 Lot 480726, Mukim 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	70.8 (BUA)	3	Freehold	5 May 2021 (A)	561,038

LIST OF PROPERTIES

Location and Address of Properties	Brief Description and Existing Use	Land ("L")/ Built-Up Area ("BUA") (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition ("A")/ Valuation ("V")	Audited Net Book Value As At 31.12.2023 (MYR)
Geran 78870, Lot 480726, Mukim 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	70.8 (BUA)	3	Freehold	5 May 2021 (A)	561,038
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	93.7 (BUA)	3	Freehold	21 July 2021 (A)	673,909
Geran 78870, Lot 480726, Mukim 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	70.8 (BUA)	3	Freehold	26 October 2021 (A)	541,023
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	68.3 (BUA)	3	99-year leasehold, expiring on 25 January 2094 (i.e. remaining tenure of approximately 70 years as at Dec'23)	10 December 2021 (A)	593,498

Location and Address of Properties	Brief Description and Existing Use	Land ("L")/ Built-Up Area ("BUA") (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition ("A")/ Valuation ("V")	Audited Net Book Value As At 31.12.2023 (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	68.3 (BUA)	3	99-year leasehold, expiring on 25 January 2094 (i.e. remaining tenure of approximately 70 years as at Dec'23)	10 December 2021 (A)	596,946
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	146 (BUA)	3	Freehold	10 December 2021 (A)	883,563
Geran 78870, Lot 480726, Mukim 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	115 (BUA)	2	Freehold	17 January 2022 (A)	847,131
Geran 78870, Lot 480726, Mukim 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	108 (BUA)	2	Freehold	2 February 2022 (A)	771,269

LIST OF PROPERTIES

Location and Address of Properties	Brief Description and Existing Use	Land ("L")/ Built-Up Area ("BUA") (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition ("A")/ Valuation ("V")	Audited Net Book Value As At 31.12.2023 (MYR)
Geran 78870, Lot 480726, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur Property address: H-30-05, Ekoheras Service Apartment, No. 693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur	Residential	71 (BUA)	2	Freehold	2 February 2022 (A)	545,553
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	282 (BUA)	2	Freehold	2 February 2022 (A)	1,680,824
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	164 (BUA)	2	99-year leasehold, expiring on 28 May 2102 (i.e. remaining tenure of approximately 79 years as at Dec'23)	20 Feb 2020 (V)	986,920
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	164 (BUA)	2	99-year leasehold, expiring on 28 May 2102 (i.e. remaining tenure of approximately 79 years as at Dec'23)	19 Mar 2010 (A)	986,920

Location and Address of Properties	Brief Description and Existing Use	Land ("L")/ Built-Up Area ("BUA") (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition ("A")/ Valuation ("V")	Audited Net Book Value As At 31.12.2023 (MYR)
PN 36165, Lot 1259, Mukim Bandar Kundang, Daerah Gombak, Negeri Selangor Property address: No.G-11, 1-11, 2-11, Avia Plus, Jalan Desa Utama, Bandar Country Homes, 48000 Rawang Selangor	Three-storey Commercial Shop Office	3,808 (BUA)	1	99-year leasehold, expiring on 18 September 2089 (i.e. remaining tenure of approximately 66 years as at Dec'23)	09 Oct 2020 (A)	1,688,215
PN 53949, Lot No.481319, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur Property address: G-25, Residensi M Vertika, No. 555, Jalan Cheras, 56000 Kuala Lumpur	Retail Shop	91.05 (BUA)	1	99-year leasehold, expiring on 14 Aug 2116 (i.e. remaining tenure of approximately 93 years as at Dec'23)	23 Nov 2021 (A)	1,457,763
PN 53949, Lot No.481319, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur Property address: 1-25, Residensi M Vertika, No. 555, Jalan Cheras, 56000 Kuala Lumpur	Retail Shop	126.99 (BUA)	1	99-year leasehold, expiring on 14 Aug 2116 (i.e. remaining tenure of approximately 93 years as at Dec'23)	23 Nov 2021 (A)	1,397,547
GRN 27331, Lot 162 Seksyen 92, Bandar Kuala Lumpur, Daerah Kuala Lumpur Property address: A-55-03 Residensi Trofi 1, No 1, Jalan 2, Sungai Besi, 55200 Kuala Lumpur	Residential	74.97 (BUA)	1	Freehold	22 Sep 2021 (A)	597,558

SHAREHOLDINGS STATISTICS

AS AT 5 APRIL 2024

ANALYSIS OF SHAREHOLDINGS AS AT 5 APRIL 2024

Total number Issued Shares as at 5 April 2024	: 1,986,431,781 ordinary shares
Treasury Shares as at 5 April 2024	: 88,898 ordinary shares
Adjusted Capital (after netting treasury shares as at 5 April 2024)	: 1,986,342,883 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 2024

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	593	12.27	19,962	0.00
100 - 1,000	406	8.40	204,680	0.01
1,001 - 10,000	1,673	34.62	10,025,561	0.50
10,001 - 100,000	1,608	33.28	59,073,435	2.97
100,001 - 99,317,143*	551	11.40	1,737,365,879	87.47
99,317,143 and above**	1	0.02	179,653,366	9.04
TOTAL	4,832	100.00	1,986,342,883	100.00

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2024

The substantial shareholders based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

Name of Shareholders	Nationality	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Dato' Lai Keng Onn	Malaysian	428,394,825	21.57	183,400,000 ⁽¹⁾	9.23
Stocqtech Sdn. Bhd.	Malaysia	160,000,000	8.06	-	-
Kington Tong Kum Loong	Malaysian	179,403,866	9.03	31,485,003 ⁽²⁾	1.59

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 and Gemini Bliss Sdn. Bhd. pursuant to Section 8 of the Act.

DIRECTORS' SHAREHOLDINGS AS AT 5 APRIL 2024

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	428,394,825	21.57	183,400,000 ⁽¹⁾	9.23
Choong Gaik Seng	Malaysian	3,318,800	0.17	-	-
Datin Chan Pey Kheng	Malaysian	12,735,709	0.64	-	-
Lu Chee Leong	Malaysian	-	-	-	-
Tong Siut Moi	Malaysian	-	-	-	-
Jonathan Wu jo-Han	Malaysian	-	-	-	-
Ts Dr. Amanda Lee Sean Peik	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 2024 (ORDINARY SHARES)

No.	Name	No. of Shares Beneficially Held	%
1.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	179,653,366	9.04
2.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Stocqtech Sdn. Bhd. (MID0054)	83,333,334	4.20
3.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Stocqtech Sdn. Bhd. (MGN-LKO0002M)	76,666,666	3.86
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Dato' Lai Keng Onn (PB)	63,405,000	3.19
5.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (MGN-KTK0003M)	63,329,300	3.19
6.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MGN-LKO0002M)	60,838,859	3.06
7.	HSBC Nominees (Asing) Sdn. Bhd. Societe Generale Paris	51,820,660	2.61
8.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	50,882,500	2.56
9.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (7005927)	48,627,897	2.45
10.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Commerce Trustee Berhad - Kenanga Growth Fund	40,074,300	2.02

SHAREHOLDINGS STATISTICS

AS AT 5 APRIL 2024

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 APRIL 2024 (ORDINARY SHARES)

No.	Name	No. of Shares Beneficially Held	%
11.	RHB Investment Bank Berhad IVT (SHQ-TRES Book) EQD Team	39,600,000	1.99
12.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	33,479,000	1.69
13.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	33,053,000	1.66
14.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Signature International Berhad	26,700,000	1.34
15.	Amanah Warisan Berhad	26,500,000	1.33
16.	Fiamma Holdings Berhad	25,480,600	1.28
17.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (7013398)	25,037,543	1.26
18.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Gemini Bliss Sdn. Bhd.	25,000,000	1.26
19.	CGS International Nominees Malaysia (Asing) Sdn. Bhd. CGS International Securities Singapore Pte. Ltd. (Prop A/C)	24,000,000	1.21
20.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fastrans Ventures Sdn. Bhd.	23,400,000	1.18
21.	Cartaban Nominees (Tempatan) Sdn. Bhd. CN CIMB Commerce Trustee Berhad for Kenanga Growth Fund Series 2	21,458,700	1.08
22.	Hong Leong Assurance Berhad As Beneficial Owner (Unitlinked GF)	20,390,000	1.03
23.	RHB Investment Bank Berhad IVT (SHQ-SW BOOK 1) EQD TEAM	18,851,200	0.95
24.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MY3685)	17,700,000	0.89
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	17,050,000	0.86
26.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS-PB)	16,200,000	0.82
27.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Hin Group Property Barhad (MY4653)	15,000,000	0.76
28.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Koon Hoi Chun (PB)	15,000,000	0.76
29.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Bank Of Singapore Limited (Foreign)	14,485,003	0.73
30.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM INV)	14,100,000	0.71
TOTAL		1,171,116,928	58.96

ANALYSIS OF WARRANTS HOLDINGS AS AT 5 APRIL 2024

No. of Warrants issued : 845,902,607
 Exercise price per warrant : RM1.20
 Expiry date : 29 April 2024

DISTRIBUTION OF WARRANT HOLDERS AS PER RECORD OF DEPOSITORS AS AT 5 APRIL 2024

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	639	13.33	17,858	0.00
100 - 1,000	331	6.90	162,002	0.02
1,001 - 10,000	1,097	22.88	6,250,006	0.74
10,001 - 100,000	1,746	36.41	75,855,405	8.97
100,001 - 42,295,129*	981	20.46	707,536,336	83.64
42,295,130 and above**	1	0.02	56,081,000	6.63
TOTAL	4,795	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 2024

Name of Shareholders	Nationality	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	-	-
Lu Chee Leong	Malaysian	-	-	-	-
Tong Siut Moi	Malaysian	-	-	-	-
Jonathan Wu Jo-Han	Malaysian	-	-	-	-
Ts Dr. Amanda Lee Sean Peik	Malaysian	-	-	-	-

Notes:-

(1) Deemed interest through shares held by Fastrans Venture Sdn. Bhd. pursuant to Section 8 of the Act.

NOTICE OF FULLY VIRTUAL ANNUAL GENERAL MEETING

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 5 APRIL 2024 (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.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	31,094,761	3.68
4.	Koon Hoi Chun	25,048,220	2.96
5.	Fastrans Ventures Sdn. Bhd.	11,700,000	1.38
6.	Ng Soon Tong	9,714,900	1.15
7.	Chong Chee Choon	7,942,851	0.94
8.	Koh Chee Yong	7,500,000	0.89
9.	M&A Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Chee Hong (M&A)	7,500,000	0.89
10.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Soon Chong	8,053,120	0.86
11.	Lee Siew Yong	6,700,000	0.79
12.	Mohd Hazwan Bin Abdullah	6,179,800	0.73
13.	HSBC Nominees (Asing) Sdn. Bhd. Societe Generale Paris	6,012,680	0.71
14.	Khairul Azuan Bin Othman	5,862,500	0.69
15.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MY3685)	5,850,000	0.69
16.	Chong Mee Sin	5,700,000	0.67
17.	Tang Kie Hung	5,221,900	0.62
18.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mok E. King	5,000,000	0.59
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Ng Weng Chin	5,000,000	0.59
20.	Nik Joharris Bin Nik Ahmad	5,000,000	0.59
21.	Lee Beng Choo	4,942,600	0.58
22.	Low Pek Kok	4,500,000	0.53
23.	Tan Hong Huat	4,315,000	0.51
24.	Yong Boon Long	3,978,000	0.47
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	3,796,300	0.45
26.	Syarifah Noraini Binti Hussin Aljunid	3,700,100	0.44
27.	Michael Lim Koon Chin	3,600,000	0.43
28.	Mohd Naili Bin Ahmad Basri	3,300,000	0.39
29.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Low Watan	3,257,900	0.39
30.	Lim Lai Peng	3,218,934	0.38
TOTAL		290,688,746	34.36

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting (“27th AGM”) of Kinergy Advancement Berhad (formerly known as *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 Friday, 31 May 2024 at 9:00 a.m., or at any adjournment thereof, for the following purposes:-

Day, Date and Time	Friday, 31 May 2024 at 9:00 a.m.
Online Meeting Platform	Securities Services e-Portal at https://sshsb.net.my/ (Domain Registration No. with MyNIC Berhad: D4A004360)
Meeting Title	KINERGY ADVANCEMENT BERHAD (Formerly Known As <i>Kejuruteraan Asastera Berhad</i>) 27TH VIRTUAL AGM
Mode of Communication	<p>Prior to the AGM:-</p> <p>(1) Submit questions to the Board prior to the AGM by writing/emailing to kabinvestor@kinergyadvancement.com, no later than 9:00 a.m. on Friday, 31 May 2024</p> <p>During the AGM:-</p> <p>Primary Mode of Communication</p> <p>(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.</p> <p>Alternative Mode of Communication</p> <p>(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.</p>

AGENDA

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 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 MYR570,000.00 for the financial year ending 31 December 2024. | 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) Lu Chee Leong;
(b) Datin Chan Pey Kheng; and
(c) Datuk Dr. Ong Peng Su. | Resolution 2
Resolution 3
Resolution 4 |
| 4. | To re-elect the following directors who retire pursuant to Clause 78 of the Constitution of the Company:-
(a) Ts Dr. Amanda Lee Sean Peik
(b) Jonathan Wu Jo-Han
(c) Datuk Wira Mubarak Hussain bin Akhtar Husin | Resolution 5
Resolution 6
Resolution 7 |
| 5. | 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 8 |

NOTICE OF FULLY VIRTUAL ANNUAL GENERAL MEETING

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions as Ordinary Resolution:-

6. Ordinary Resolution

- Authority to Issue Shares pursuant to the Companies Act 2016

“**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.”

7. Ordinary Resolution

Proposed Renewal of Authority for Share Buy-Back

“**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;

Resolution 9

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.”

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
 30 April 2024

NOTICE OF FULLY VIRTUAL ANNUAL GENERAL MEETING

Notes:

(A) Information for Shareholders/Proxies

- As a precautionary measure amid the outbreak of Coronavirus Disease (“Covid-19”) pandemic, KAB shall conduct the 27th 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://sshbs.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 27th 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.**

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 24 May 2024 (“General Meeting Record of Depositors”) shall be eligible to participate, speak and vote at the AGM.
- 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.
- 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@sshbs.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.

- 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.
- 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.
- 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://sshbs.net.my/>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**

8. Publication of Notice of 27th 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://www.kinergyadvancement.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 Wednesday, 29 May 2024 at 9:00 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@sshbs.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://sshbs.net.my/

Explanatory Notes:-

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2023

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 27th 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 MYR570,000.00 for the financial year ending 31 December 2024.

3. Resolutions 2, 3, 4, 5, 6 and 7 - Re-election of Directors

In determining the eligibility of the Directors to stand for re-election at the forthcoming 27th 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 Lu Chee Leong, Datin Chan Pey Kheng, Datuk Dr. Ong Peng Su, Ts. Dr. Amanda Lee Sean Peik, Jonathan Wu Jo-Han and Datuk Wira Mubarak Hussain bin Akhtar Husin, for re-election as Directors 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 27th AGM of the Company under Resolutions 2, 3, 4, 5, 6 and 7, 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 2023 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.

NOTICE OF FULLY VIRTUAL ANNUAL GENERAL MEETING

4. Resolution 8 - 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 27th 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 2023.

5. Resolution 9 – 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-Sixth Annual General Meeting of the Company held on 30 May 2023 (“**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, including but not limited to placement of shares for working capital, repayment of borrowings and also Company’s projects.

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 9, 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 10 - 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 30 April 2024 available together with the Annual Report 2023 for more information.

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 Kinergy Advancement Berhad (formerly known as Kejuruteraan 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. Rachel Ou (DID: +603 2084 9161) or Ms. Jasmine Lim (DID: +603 2084 9006) 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@sshbs.com.my.



BEFORE THE MEETING
(A) Sign up for a user account at [Securities Services e-Portal](#)

- | | |
|---|--|
| <p>Step 1 Visit https://sshsb.net.my/</p> <p>Step 2 Sign up for a user account</p> <p>Step 3 Wait for our notification email that will be sent within one (1) working day</p> <p>Step 4 Verify your user account within seven (7) days of the notification email and log in</p> | <ul style="list-style-type: none"> 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 29 MAY 2024.

To submit e-Proxy Form under (C) below, please sign up for a user account by 27 MAY 2024, 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 **Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad)** under Company Name and **27th AGM on 31 May 2024 at 9:00 a.m. – Registration for Remote Participation** under 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 at 24 May 2024.
- 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
Friday, 31 May 2024 at 9:00 a.m.	Wednesday, 29 May 2024 at 9:00 a.m.

- Log in to <https://sshsb.net.my/> with your registered email and password
- Look for **Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad)** under Company Name and **27th AGM on 31 May 2024 at 9:00 a.m. – Submission of Proxy Form** under 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 27 MAY 2024.

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
Friday, 31 May 2024 at 9:00 a.m.	Friday, 31 May 2024 at 8:30 a.m.

➤ Look for **Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad)** under Company Name and **27th AGM on 31 May 2024 at 9:00 a.m. – Live Stream Meeting** under 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
Friday, 31 May 2024 at 9:00 a.m.	Friday, 31 May 2024 at 9:00 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 **Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad)** under Company Name and **27th AGM on 31 May 2024 at 9:00 a.m. – Remote Voting** under 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).



KINERGY ADVANCEMENT BERHAD
(Formerly Known As Kejuruteraan Asastera Berhad)
[Company No. 199701005009 (420505-H)]
(Incorporated in Malaysia)

No. of Shares	
Email Address	
CDS Account No.	
Contact Number	

I/We, _____ NRIC/Passport/Company No _____
(Name in full)

being a member of Kinergy Advancement Berhad (Formerly Known As 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 27th 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 Friday, 31 May 2024 at 9:00 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 MYR570,000.00/- for the financial year ending 31 December 2024.		
Resolution 2	To re-elect Lu Chee Leong, a Director who retires pursuant to Clause 76(3) of the Company's Constitution.		
Resolution 3	To re-elect Datin Chan Pey Kheng, a Director who retires pursuant to Clause 76(3) of the Company's Constitution.		
Resolution 4	To re-elect Datuk Dr. Ong Peng Su, a Director who retires pursuant to Clause 76(3) of the Company's Constitution.		
Resolution 5	To re-elect Ts Dr. Amanda Lee Sean Peik, a Director who retires pursuant to Clause 78 of the Company's Constitution.		
Resolution 6	To re-elect Jonathan Wu Jo-Han, a Director who retires pursuant to Clause 78 of the Company's Constitution.		
Resolution 7	To re-elect Datuk Wira Mubarak Hussain bin Akhtar Husin, a Director who retires pursuant to Clause 78 of the Company's Constitution.		
Resolution 8	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 9	As Special Business Ordinary Resolution Authority to issue shares pursuant to the Companies Act 2016.		
Resolution 10	As Special Business Ordinary Resolution Proposed Renewal of Authority for Share Buy-Back		

(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 _____ 2024

Signature/Common Seal of Shareholder

Notes:-

(A) **Information for Shareholders/ Proxies**

1. As a precautionary measure amid the outbreak of Coronavirus Disease ("Covid-19") pandemic, KAB shall conduct the 27th 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://sshbs.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 27th 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 27th 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 24 May 2024 ("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@sshbs.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://sshbs.net.my/>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**

8. **Publication of Notice of 27th 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://www.kinergyadvancement.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 Wednesday, 29 May 2024 at 9:00 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@sshbs.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://sshbs.net.my/

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AFFIX
STAMP

**Kinergy Advancement Berhad
(Formerly Known As 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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ANNUAL REPORT 2023



POWERING A **SUSTAINABLE** TOMORROW

