



KEJURUTERAAN ASASTERA BERHAD

ANNUAL REPORT

2021

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Kejuruteraan Asastera Berhad
[199701005009 (420505-H)]



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1997

Established on 24 February 1997 as a private limited company.

1998

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

1999

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

2008

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

Vision

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

Mission

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

Corporate Milestones of Kejuruteraan Asastera Berhad (“KAB” or “the Company”)

2010

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

2012

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

2014

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

2016

Secured M&E contract valued at MYR41.4 million for EkoCheras, Cheras, KL.

2017

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

2018

- Secured Mechanical and Electrical contract valued at MYR46.0 million for Metropolis Project.
- Ventured into Sustainable Energy Solutions business.

2020

- Transferred to Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 28 August 2020.
- Value of total projects secured hit MYR1.2 billion mark.
- Market cap hit MYR1 billion during transfer listing to the Main Market of Bursa Securities.
- Making headway in sustainability agenda development.

2021

- Secured M&E contract valued at MYR 324 million.
- Completed the acquisition of the entire equity interest in Dynagen Power (M) Sdn. Bhd. to supply 2.2 MW power.
- Secured 15,814 kWp Malaysia and Thailand Solar PV Systems Projects.
- Listed on FBM EMAS Index in July.
- Graded 3 Stars in FTSE Russell December Assessment.
- Embarked into robotics solutions business as the Exclusive OTSAW’s Authorised Reseller in Malaysia.
- Lodged a Multi-Currency Sukuk Programme of up to MYR500 million in nominal value (“Sukuk Programme”) with 30-year tenure with Securities Commission.

2022

- Danajamin National Berhad guarantees Tranche 1 of MYR19.95 million of the Sukuk Programme.
- Signed Term Sheet with Sarawak Cable Berhad to acquire a Hydropower Plant in Indonesia.

Corporate Information

Board of Directors

Datuk Dr. Ong Peng Su

Male, Malaysian, Company Director
(Independent Non-Executive Chairman)

Dato' Lai Keng Onn

Male, Malaysian, Company Director
(Managing Director)

Choong Gaik Seng

Male, Malaysian, Company Director
(Executive Director)

Datin Alicia Chan Pey Kheng

Female, Malaysian,
Company Director
(Executive Director)

Goh Kok Boon

Male, Malaysian, Company Director
(Executive Director)

Lu Chee Leong

Male, Malaysian,
Chartered Accountant
(Independent Non-Executive Director)

Tong Siut Moi

Female, Malaysian,
Chartered Secretary
(Independent Non-Executive Director)

Audit Committee

Lu Chee Leong (Chairman)
Independent Non-Executive Director

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

Tong Siut Moi (Member)
Independent Non-Executive Director

Remuneration Committee

Tong Siut Moi (Chairperson)
Independent Non-Executive Director

Lu Chee Leong (Member)
Independent Non-Executive Director

Nominating Committee

Tong Siut Moi (Chairperson)
Independent Non-Executive Director

Lu Chee Leong (Member)
Independent Non-Executive Director

Risk Management Committee

Lu Chee Leong (Chairman)
Independent Non-Executive Director

Dato' Lai Keng Onn (Member)
Managing Director

Tong Siut Moi (Member)
Independent Non-Executive Director

Company Secretaries

Chua Siew Chuan
(Appointed on 1 January 2022)
SSM PC No. 201908002648
(MAICSA 0777689)

Cheng Chia Ping
(Appointed on 1 January 2022)
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@sshbsb.com.my

Head/Management Office

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

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

Auditors

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

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

Principal Bankers

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

Tel No. : +603-2167 3000

Al Rajhi Banking & Investment
Corporation (Malaysia) Berhad
Ground Floor, East Block,
Wisma Selangor Dredging,
142-B, Jalan Ampang,
50450 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia.

Tel No. : +603 2301 7000
Fax No. : +603 2170 7100

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

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

Share Registrar

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

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

Stock Exchange

Main Market of Bursa Malaysia Securities
Berhad

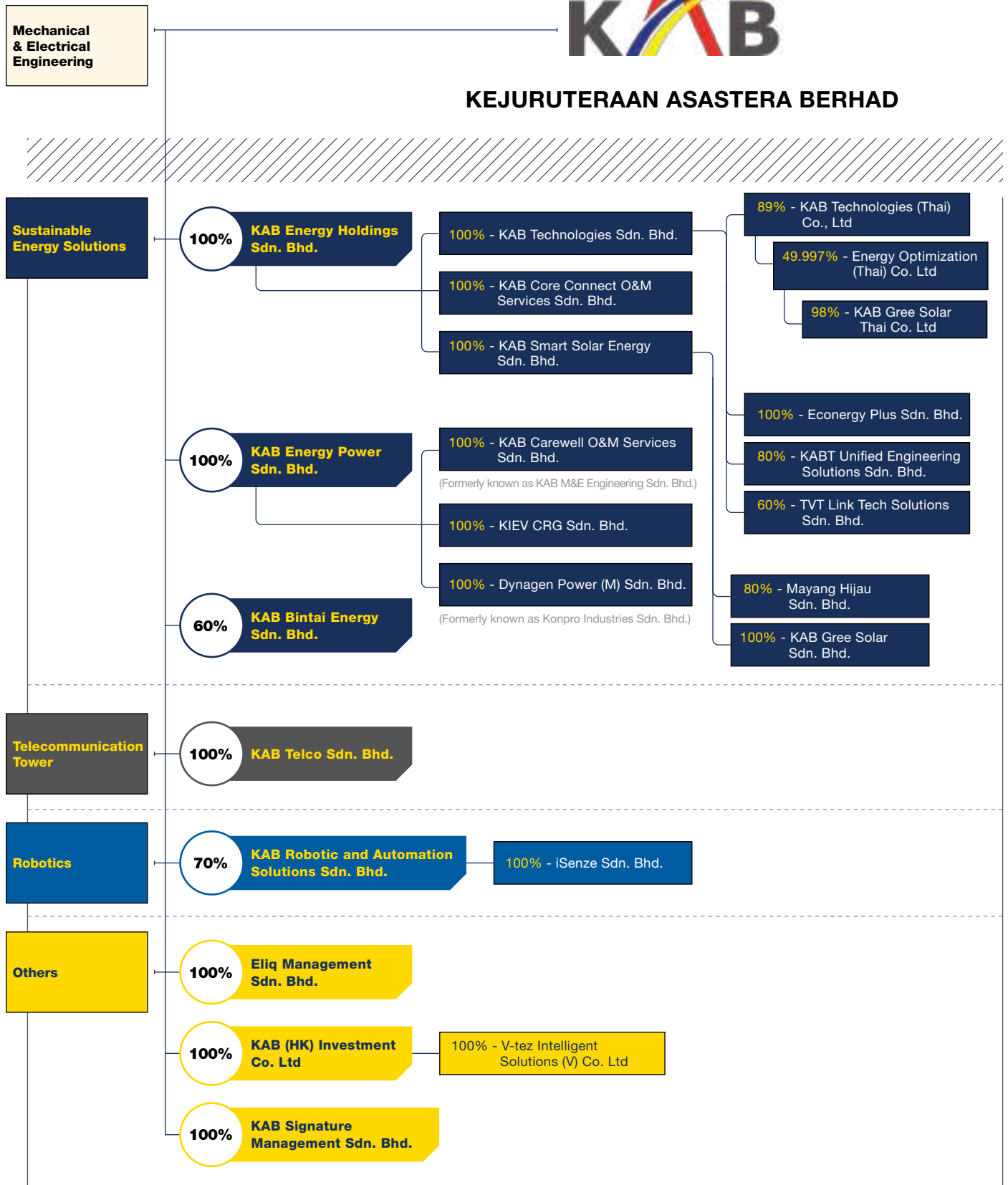
Stock Name : KAB
Stock Code : 0193
Sector : Industrial Products &
Services

Corporate Structure

as at 31 March 2022



KEJURUTERAAN ASASTERA BERHAD



Profile of Directors

DATUK DR. ONG PENG SU

Independent Non-Executive Chairman

Malaysian, aged 68, Male

Date of appointment as Director:

15 April 2021

Length of service as director since appointment:

1 year

Board Committee(s) Membership:

- Member of Audit Committee

Academic/Professional Qualification(s):

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

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

Datuk Dr. Ong does not hold any directorship in other public companies and listed corporations.

Working experience:

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

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

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

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

Time Committed:

Board meetings' attendance in year 2021: 5/5

DATO' LAI KENG ONN

Managing Director

Malaysian, aged 53, Male

Date of appointment as Director:

24 February 1997

Length of service as director since appointment:

25 years 2 months

Board Committee(s) Membership:

- Member of Risk Management Committee

Academic/Professional Qualification(s):

Dato' Lai obtained a Bachelor of Science in Construction Management from Greenwich University, Australia in 2002.

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

Dato' Lai does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family relationship with any Director and/or major shareholder of the Company

Dato' Lai is a major shareholder of the Company.

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

Working experience:

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

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

Time Committed:

Board meetings' attendance in year 2021: 7/7

Profile of Directors

CHOONG GAIK SENG

Executive Director

Malaysian, aged 61, Male

Date of appointment as Director:

1 March 2013

Length of service as director since appointment:

9 years 1 month

Board Committee(s) Membership:

None

Academic/Professional Qualification(s):

Mr. Choong completed his secondary school education at Penang Free School, Malaysia, in 1976.

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

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

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

Mr. Choong does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family relationship with any Director and/or major shareholder of the Company

Mr. Choong is a shareholder of the Company.

Working experience:

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

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

Time Committed:

Board meetings' attendance in year 2021: 7/7

DATIN ALICIA CHAN PEY KHENG

Executive Director

Malaysian, aged 49, Female

Date of appointment as Director:

1 March 2018

Length of service as director since appointment:

4 years 1 month

Board Committee(s) Membership:

None

Academic/Professional Qualification(s):

Datin Alicia obtained Sijil Pelajaran Malaysia in 1990.

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

Datin Alicia does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family relationship with any Director and/or major shareholder of the Company

Datin Alicia is a shareholder of the Company.

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

Working experience:

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

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

Time Committed:

Board meetings' attendance in year 2021: 7/7

Profile of Directors

GOH KOK BOON

Executive Director

Malaysian, aged 47, Male

Date of appointment as Director:

1 September 2018

Length of service as director since appointment:

3 years 7 months

Board Committee(s) Membership:

None

Academic/Professional Qualification(s):

Mr. Goh graduated with a Bachelor of Applied Science (Honours) in Electrical Engineering from the University of Windsor, Canada, in 1999.

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

Mr. Goh does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family relationship with any Director and/or major shareholder of the Company

Mr. Goh is a shareholder of the Company.

Working experience:

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

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

Time Committed:

Board meetings' attendance in year 2021: 7/7

LU CHEE LEONG

Independent Non-Executive Director

Malaysian, aged 57, Male

Date of appointment as Director:

30 May 2017

Length of service as director since appointment:

4 years 11 months

Board Committee(s) Membership:

- Chairman of Audit Committee
- Chairman of Risk Management Committee
- Member of Nominating Committee
- Member of Remuneration Committee

Academic/Professional Qualification(s):

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

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

- Mikro MSC Berhad

Working experience:

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

Time Committed:

Board meetings' attendance in year 2021: 7/7

Profile of Directors

TONG SIUT MOI

Independent Non-Executive Director

Malaysian, aged 52, Female

Date of appointment as Director:

30 May 2017

Length of service as director since appointment :

4 years 11 months

Board Committee(s) Membership:

- Chairperson of Nominating Committee
- Chairperson of Remuneration Committee
- Member Audit Committee
- Member of Risk Management Committee

Academic/Professional Qualification(s):

Ms. Tong qualified as a Chartered Secretary following completion of the ICSA (United Kingdom) professional degree and was admitted as an Associate Member of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA) since 1996. 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:

She has more than 28 years of professional experience in corporate secretarial advisory and at 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 relating to Bursa Malaysia Securities Berhad's Main and ACE Markets Listing Requirements to the Board of Directors and senior management of public listed companies, investment bankers and company secretaries.

Time Committed:

Board meetings' attendance in year 2021: 7/7

Other Information

A. FAMILY RELATIONSHIP

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

B. CONFLICT OF INTEREST

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

C. CONVICTION OF OFFENCES

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

D. DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS

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

E. DIRECTORS' ATTENDANCE FOR BOARD MEETINGS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Directors' attendance for the Board Meetings for the financial year ended 31 December 2021 is presented on page 50 of the Annual Report.

F. DIRECTORS' SHAREHOLDINGS

Except for Dato' Lai Keng Onn, Datin Alicia Chan Pey Kheng, Mr. Choong Gaik Seng and Mr. Goh Kok Boon, none of the Directors hold any shares, direct or indirect in the Company. The shareholdings of Dato' Lai Keng Onn, Datin Alicia Chan Pey Kheng, Mr. Choong Gaik Seng and Mr. Goh Kok Boon are disclosed in page 173 of the Annual Report.

Profile of Key Senior Management

HOON SIEW YEN

Chief Financial Officer (CFO)

Malaysian, aged 52, Female

Date first appointed to the key Senior Management position:

24 March 2020

Academic/Professional Qualification(s):

Ms. Hoon is a certified professional Chartered Accountant from the Malaysian Institute of Accountants in 2001 with a degree qualification in Business Accounting obtained from the University of Southern Queensland, Australia in 1992.

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

Ms. Hoon does not hold any directorship in other public companies and listed corporations.

Family relationship with any Director and/or major shareholder of the Company:

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

Working experience:

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

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

She involved actively to establish the multi currency Sukuk Programme of up to MYR500 million and oversaw the implementation of first tranche. She also plays a pivotal role in the successful negotiation of key acquisitions.

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

Disclosure on Conflict of Interest and Convictions for Offences (if any):

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

ESG/Sustainability Initiatives:

- Member of Sustainability Team

LEE YEE LOOI

General Manager (Corporate & HR)

Malaysian, aged 43, 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.

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

Ms. Lee does not hold any directorship in other public companies and listed corporations.

Family relationship with any Director and/or major shareholder of the Company:

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

Working experience:

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

Since 2007, Ms. Lee decided to take the move from supervising administration work into human resource management as well as quality management. She has formerly served as a personal assistant or executive secretary to the managing directors, superintended entire human resource department and general administrative duties. Ms. Lee has over the years gained extensive experience in corporate administration, secretarial and human resource matters in different industries ranges 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 now assumed duties as the Head of Human Resource Department, perform corporate secretarial matters and also a member of KAB's working group for corporate exercises. Since October 2021, Ms. Lee has taken on the role to manage KAB's robotic division.

Disclosure on Conflict of Interest and Convictions for Offences (if any):

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

ESG/Sustainability Initiatives:

- Head of Sustainability Team
- Compliance Officer for Anti-Bribery and Anti-Corruption compliance matters

Profile of Key Senior Management

CHIN FAY FAY

General Manager (Finance and Account)

Malaysian, aged 41, 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 human resources management role.

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 for overseeing the preparation of accounts and financial reporting. She was involved and contributed to KAB's Initial Public Offering (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 Convictions 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.

JONATHAN WU JO-HAN

Director of KAB Energy Holding Sdn. Bhd., KAB Technologies Sdn. Bhd., KAB Energy Power Sdn. Bhd.
Malaysian, aged 29, Male

Date first appointed to the key Senior Management position:

29 August 2019

Academic/Professional Qualification(s):

Mr. Jonathan obtained a First-Class Honours Bachelor of Mechanical Engineering from University of Portsmouth, United Kingdom in 2016 and is also a Certified Energy Manager under AEMAS since 2019.

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

Mr. Jonathan does not hold any directorship in other public companies and listed corporations but holds directorships in several other private limited companies.

Family relationship with any Director and/or major shareholder of the Company:

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

Working experience:

Mr. Jonathan was appointed director of KAB Technologies Sdn. Bhd. since August 2019.

He started his career as a graduate project engineer in Mitralland Group, Malaysia. His responsibilities include liaising and coordinating with consultants, contractors, and authorities to resolve technical matters of the assigned projects to achieve delivery objectives as well as carry out research and feasibility studies for future developments. Later, he served as the lead data analyst at TecAlliance Malaysia, improving the company through successful negotiations and lobbying with external stakeholders, while identifying and implementing solutions to improve data coverage through gap analysis across multiple data sources.

Additionally, he also played a pivotal role in the successful negotiation of key acquisitions and setting up of the MYR500 million Sukuk Programme. He was also part of the working committee responsible for the successful transfer of KAB to the Main Market.

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

Disclosure on Conflict of Interest and Convictions for Offences (if any):

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

ESG/Sustainability Initiatives:

- Member of Sustainability Team

Profile of Key Senior Management

LAI CHUAN SHENO

Director of KAB Smart Solar Energy Sdn. Bhd. and
KAB Technologies (Thailand) Co. Ltd.

Malaysian, aged 45, 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 20 years of experience in improving sustainability through the corporate management and sales growth. He has established and managed a number of companies and subsidiaries in Thailand.

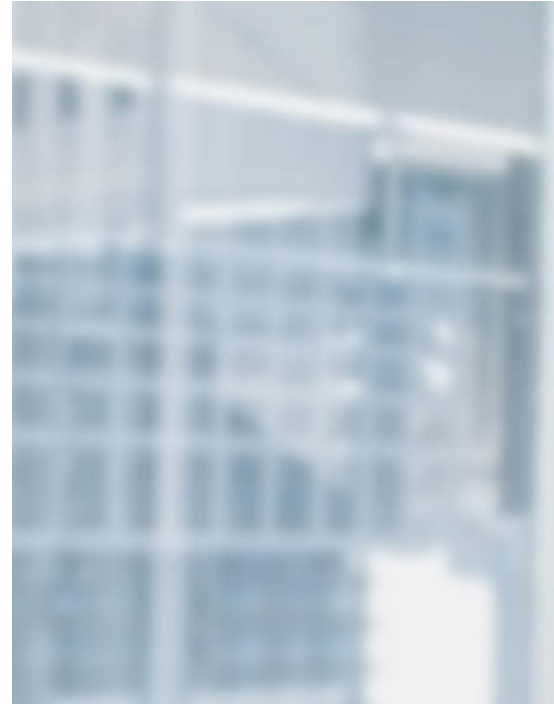
His skills and expertise include project management practices in property development, construction industries, engineering, procurement, installation, commissioning including operation and maintenance of solar PV projects in Malaysia and Thailand.

Disclosure on Conflict of Interest and Convictions 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.

**We are connecting the world with
our all-time mission as a
ONE-STOP ENGINEERING AND
ENERGY SOLUTIONS PROVIDER.**

**To never waver our fundamental purpose,
To continue pursuing our future quest.**



Managing Director's Statement

DEAR VALUED SHAREHOLDERS

I am pleased to present to you
Kejuruteraan Asastera Berhad (“KAB” or “the Company”)
and its subsidiary companies’ (“the Group”) annual report
for the financial year ended 31 December 2021 (“FY2021”).

RESILIENT AMID CHALLENGES

With the financial report, I am proud to announce that KAB recorded its all-time highest revenue in FY2021 at MYR175 million. Revenue growth was at 15.9% against the backdrop of a slower than expected GDP growth of 3.1% in Malaysia. This was mainly driven by speedy project progress in the final quarter of the year and the commercial operation of the energy projects in the same quarter.

Despite the increased revenue, the costs of doing business also increased due to external factors that are beyond the Group's control. The increases in costs were mainly due to uncertainty in governmental procedures in the opening up of economy, the shortage of manpower caused by border restrictions, and increased prices of raw material brought about by the global supply chain issues. Even so, the Group's stringent management of costs has allowed it to maintain a stable gross margin of 17% bringing gross profits to a high of MYR30.4 million.

**DATO' LAI KENG ONN**

Group Managing Director

OPPORTUNITIES FOR A SUSTAINABLE FUTURE

Now, I would like to draw your attention to the future. Despite the challenges of FY2021, it was also a year full of opportunities, especially with the increased urgency to contribute to climate sustainability.

The Group began its Sustainable Energy Solutions journey in 2019, with the incorporation of KAB Technologies Sdn. Bhd., KAB Energy Power Sdn. Bhd. ("KABEP") and, subsequently, KAB Energy Holding Sdn. Bhd. ("KABEH"), wholly owned subsidiaries exploring energy efficiency and sustainable energy solutions. From the initial investments and partnerships, we have managed to leverage our existing core competencies to expand into energy efficiency solutions and power generation.

However, given the unprecedented COVID-19 pandemic, and subsequent disease control restrictions, there have been increased operational and administrative costs. These have naturally affected the bottom line. Additionally, there have been costs incurred to grow and expand into new businesses. These additional costs are financing costs, as part of our acquisition and investment strategy into the Sustainable Energy Solutions Division, and depreciation charges, that is a result of an asset ownership model, as well as the professional expenses. All the additional costs have had an effect on the net profits of the business, with profit before tax declining 7.5% to MYR7.5 million, but we expect some of the one-off financing costs to normalise in 2022.

Although it was a challenging year, the team and I foresaw the volatile nature of the construction business and have begun the journey of building a more sustainable and stable KAB. FY2021, with all its challenges, was only the start of the transformation of the Group into a One-Stop Engineering and Energy Solutions Provider.



KAB's annual revenue reached an **all-time high** in 2021



Succeeded in establishing a **MYR500 million** Multi-Currency Sukuk Programme in 2021

Managing Director's Statement

Now, our efforts have begun to bear fruit with multiple projects already contributing significantly to the Group's recurrent income. We also expect catalysts in Malaysia's energy sector to further improve contributions in 2022. The division is expected to grow in an accelerated pace going forward as there is, already, a sizeable pipeline of projects in the coming months.

Furthermore, on September 2021, KABEP succeeded in establishing a Multi-Currency Sukuk Programme of up to MYR500 million backed by a guarantee from Danajamin Nasional Berhad. This will enable us to fuel this accelerated growth through more investments into sustainable energy-related projects, which will involve the development of greenfield projects and acquisition of brownfield assets in Malaysia and ASEAN - including Thailand, Vietnam and Indonesia.

While the division is still relatively new, it has gained significant traction and built credibility since the beginning. KABEH's tender conversion rate is commendable at 47.1%, and we continue to build a credible track record with many projects being completed and delivered in 2021.

Aside from the Sustainable Energy Solutions Division, we are also working on expanding the Group's share of recurrent income in other ways. Part of this is through the building of our telecommunications infrastructure portfolio that would provide KAB with sustainable income for years to come.

All this shows that we are and we will continue to leverage and build upon the Group's expertise and operational excellence to generate sustainable long-term value for all our stakeholders.

FTSE BURSA MALAYSIA EMAS INDEX

19 July 2021

FTSE RUSSELL ESG RATINGS



3
Stars



December 2021

SUSTAINABLE AT CORE

Our growth and move into a more sustainable business model were also rewarded in the year through acknowledgements by FTSE Russell and Bursa Malaysia. On 19 July 2021, KAB was listed as a constituent of the FTSE Bursa Malaysia EMAS Index ("FBM EMAS Index"), which is made up of large and mid-cap constituents of the FTSE Bursa Malaysia Top 100 Index and FTSE Bursa Malaysia Small Cap Index. In December, the Company was rated 3 Stars (out of 4 stars) by FTSE Russell for its ESG Rating.

As part of our development, KAB officially formed a Sustainability Team in 2021 – with a mission to oversee and identify ESG and sustainability-related opportunities, managing environmental risks, and maximizing awareness and professional development among employees. This is complemented by the guidance of a certified team of environmental professionals.

Since being listed on the ACE market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 17 November 2017 and transferred to the Main Market of Bursa Securities on 28 August 2020, KAB has always been proud of our high level of transparency with all our stakeholders. We will continue to work with our Board of Directors, senior management team, and Risk Management Committee to preserve strong culture of governance and oversight.

A complete overview of our sustainability initiatives, goals and progress is available in our **[Sustainability Report and Handbook 2021](#)**.

Managing Director's Statement



GROWING FROM STRENGTH TO STRENGTH

With the current pressures on businesses caused by the ongoing COVID-19 pandemic and global geopolitical uncertainties, KAB has had to navigate these challenges and continue to deliver values to our shareholders. Despite the underperformance in the domestic equity market, we are still pleased with the advancements that we have made through the year and the resilience that we have shown as an organisation.

I believe that this capacity that we have built in 2021 would allow us to capitalise on opportunities in 2022. Our core Mechanical and Electrical (“M&E”) business should be able to capture additional projects expected from the pent-up demand for M&E works from the past two years, while the Sustainable Energy Solutions Division continues to grow the Group’s sustainable cash flows.

We would only be able to achieve all that with our people. Therefore, I would like to extend my appreciation to our Board of Directors, our management team, employees, and business associates for their invaluable contributions towards KAB. Finally, we would like to thank our shareholders for your unwavering support to the Company.

With the new normal in view, I am confident that 2022 will be a better year for us all – as we continue to build out our vision of being a One-Stop Engineering and Energy Solution Provider.

Thank you.

Dato’ Lai Keng Onn
Group Managing Director

Management Discussion & Analysis

CORPORATE OVERVIEW

Kejuruteraan Asastera Berhad (“KAB” or “the Company”) and its subsidiary companies (“the Group”) are a group of Malaysia-based Mechanical and Electrical Engineering (“M&E”) companies. KAB is listed on the Main Market of Bursa Malaysia Securities Berhad.

Since its establishment in 1997, KAB has focused on an integral yet niche area within the electrical engineering services sector. Having distinguished itself with notable accreditations and certifications issued by the relevant authorities, KAB has built a reputation widely acknowledged for its quality and timely delivery.

KAB aspires to become a leading and comprehensive service provider to meet the growing demand from the building and property industry. Backed by extensive experience and track record gained over more than two (2) decades of engineering works, KAB expanded into the Sustainable Energy Solutions, which includes power generation and energy efficiency solutions.

Overall, the M&E Division remains the core revenue driver of the business. However, the Group has started to realise its investments into the Sustainable Energy Solutions Division – which is expected to contribute meaningfully starting from financial year 2022.

In its effort to find avenues to grow its share of recurrent income, KAB ventured into the telecommunications infrastructure industry in June 2021, which involves KAB preparing itself to be a Network Facilities Provider (NFP) Licensee. This will enable the Group to build, own and lease telecommunication towers, Inter Building Connection (IBC), rooftop structures to the telecommunication operators in Malaysia.

To fund this continued growth and expansion, KAB has via its wholly owned subsidiary company, KAB Energy Power Sdn. Bhd., established a Multi-Currency Sukuk Programme of up to MYR500 million on 29 September 2021 that was guaranteed by Danajamin Nasional Berhad. The first tranche of MYR19.95 million was issued on 31 January 2022, which was used to refinance the loan in a subsidiary company.

KAB’s business model continues to revolve around providing the best value and service for our customers while helping them reduce the cost of production – either through competitive pricing and quality delivery in contracting services or lowering energy costs through our sustainable energy solutions.



KAB aspires to become a leading and comprehensive service provider to meet the growing demand from the building and property industry.



Despite the resilient performance, there was significant pressure on gross margins. This was mainly driven by:

- **Significant raw material price increases**

Prices of key inputs increased significantly due to global supply chain disruptions caused by the global pandemic and border restrictions, which has caused price increases for building inputs like copper and steel.

- **Increases in cost of labour**

The supply of foreign labour was impeded by various border restrictions and limits to foreign workers brought to Malaysia. This has caused labour shortages across the construction sector, given that the heavy reliance of the sector on foreign labour.

Profit before tax decreased by 13% to MYR7.5 million, mainly due to increased operating costs caused by the pandemic, one-off transaction and financing costs incurred for the year, and changes in the Group's business model.

ANALYSIS OF FINANCIAL RESULTS

Financial year ended 31 December 2021 ("FY2021") has proven to be a challenging year, in spite of which the Group continued to deliver growth, and achieved its highest full year revenue at MYR175 million. This represents a 15.9% growth compared to the GDP growth of 3.1% in Malaysia.

Based on a Quarter-on-Quarter ("QoQ") analysis, revenues declined from Quarter 1 to Quarter 3 due to the slow work progress brought about by the movement restrictions enacted by the Malaysian government. In fact, Quarter 3 2021 recorded the lowest revenue in 2021 due to suspension of several construction activities. However, due to the effective rollout of the vaccination programme in Malaysia, restrictions were loosened in Quarter 4 2021, and revenues rebounded by about 40% from Quarter 3 to Quarter 4. We expect steadier growth in the succeeding quarters.

Gross margin remained stable at 17%, compared with 16% in financial year ended 2020 ("FY2020"), with gross profit growing 27% to MYR30.4 million from MYR23.9 million in FY2020. The resilient performance was mainly due to continued rigorous cost management for all projects and improved recurrent contributions from the Sustainable Energy Solutions Division.

Gross Profit of the Company

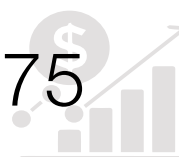
27%
increased



to **MYR30.4 million**,
as compared to
MYR23.9 million

Revenue

MYR175
million



achieving its highest full year
Revenue in FY2021

Management Discussion & Analysis

The detailed reasons for lower net profit margin are as follows:

• Higher Operating Cost

KAB prepared for a full opening of all construction activity, but progress was hindered due to further movement restrictions caused by a surge in COVID-19 cases in the middle of the year. To continue operations, there were also many COVID-19 disease prevention requirements that needed to be implemented, resulting in increased operational costs. The Group also onboarded more manpower to complete the construction of power asset, including training operators for commercial operations.

• Cost of Growth

There were non-recurrent expenses arising from the acquisitions and corporate exercises in FY2021. These comprise of acquisition transaction costs and financing costs – including the setting up of the Sukuk programme for the Group.

• Higher Depreciation

In previous years, KAB was predominantly an electrical engineering company, with a very asset light business model. As KAB expanded into the energy generation sector, the business model included asset ownership that contributed higher depreciation costs. Depreciation in FY2021 increased by 188% as compared to FY2020.

The basic earnings per share for FY2021 dropped from 0.63 sen to 0.27 sen. The lower earnings per share is mainly caused by the finer net margin coupled with an enlarged share capital, arising from the share split and shares issued for the private placement which were completed in 2021.

The Group's total assets increased by MYR93.7 million to MYR258.4 million as at 31 December 2021. This is partly due to the investments into sustainable power generation assets. The main assets acquired were cogeneration facilities and waste heat recovery systems worth MYR26.3 million and solar rooftop system worth MYR9.7 million. The aggressive increase was necessary to seize opportunities presented to diversify into sustainable recurring income streams.

Although there was a MYR93.7 million expansion in total assets, total liabilities only increased by MYR48.6 million to MYR133.4 million. Despite the increase in total borrowings of MYR40.8 million to MYR69.2 million as at 31 December 2021, the Group's gearing ratio remained at a healthy level of 0.55 times with the support of an increase in shareholders equity from MYR80.0 million to MYR124.9 million.

Group's Total Assets

MYR258.4
million



increased by **MYR93.7 million** as at
31 December 2021

Group's Gearing Ratio

0.55 times



remained at a healthy level with the
support of an increase in shareholders
equity from **MYR80.0 million** to **MYR124.9**
million

KAB expanded into power generation sector with additional plants and system worth of MYR36.0 million while bank borrowings increased by MYR28.4 million backed by strong equity of MYR124.9 million.

Management Discussion & Analysis



REVIEW OF OPERATIONS

KAB is usually appointed as a sub-contractor for electrical engineering services, either by the main contractor or project owner of a particular building or construction project. KAB is the nominated sub-contractor for approximately 79% of our contracts over the past three years, where there have been established professional working relationships based on our delivery track record.

2021 was a very challenging year for KAB due to the operational uncertainty caused by the unprecedented COVID-19 global pandemic. Construction activities were halted and only resumed partially for most of the year in response to sharp rises in COVID-19 infections. With the movement restrictions, construction activity proceeded at a slow pace from Quarter 1 to Quarter 3, but made a sharp recovery in Quarter 4 after an effective vaccination campaign which was carried out by the Malaysian Health Ministry.

Even with such challenges, KAB completed a total of 15 projects in 2021. As at 31 December 2021, there were thirty-seven (37) on-going projects for electrical engineering services. Some of our notable projects include the installation, testing and commissioning of electrical systems for commercial properties like Pavilion Bukit Jalil, Kuala Lumpur, as well as for mixed development like M-Centura, Gravit8 Phase 2, Sofiya Desa Park City, and Southlink Bangsar at Kuala Lumpur.

As for Sustainable Energy Solutions, KAB has completed the commissioning of the cogen plant and the solar rooftop system. As with many other players in the sector that faced delays, supply chain issues delayed the completion of the

power plants as the main components of the plants were stuck at port for a considerable amount of time. Both power plants have successfully delivered and sold test energy effective Quarter 4 2021 and will officially start commercial operations in 2022 for a period of up to 25 years.

Aside from supply chain issues, there were regulatory roadblocks that KAB overcame. The delay in the recent completion of acquisition in Dynagen Power (M) Sdn. Bhd. was due to the late approval granted by the local authorities caused by the Movement Control Orders. It was scheduled to complete in April 2021 but was only successfully completed in October 2021. Upon completion, KAB has undertaken measures to improve and upgrade the plant.

During the plants' operation in 2021, all plants have achieved high generation hours and accomplished more than 97% availability since operation commenced. The operations are expected to be stable and continue to contribute positively to the Group's performance in 2022. We are confident that this new business segment will potentially become our earnings growth driver in the coming years. In 2022, we expect commercial operations of an additional 4 megawatt ("MW").

During the financial year under review, KAB successfully secured new contracts worth MYR252.6 million in total. These contracts are made up of MYR80.8 million from the engineering sector and MYR171.8 million from the energy sector. The addition of MYR252.6 million to our orderbook is in sync with the overall group strategy of creating recurring revenues and a healthy cashflow.

As at 31 December 2021, KAB's order book stood at MYR481.8 million.

Management Discussion & Analysis

PROSPECTS

In Malaysia, the operating environment will be challenging as we continue to adapt to the new operating landscape. KAB is aware that its core business activities can be affected by the adverse changes in public policies. Any unexpected introduction of unfavourable laws and regulations that impact mechanical and electrical engineering service providers and the construction industry will likely affect the Group's financial performance.

In addition to the public policies, KAB is also affected by the volatility of commodity prices. The Group's business activities are reliant on industrial metals that are used as inputs to construction and electrical works, namely copper and steel. In the longer term, to sustain earning visibility, the Group needs to undertake projects with higher contract values and increase the outstanding orderbook. As of 31 December 2021, our tender book is valued at MYR1.1 billion with a historical success rate of 26%.

Due to the recent hike in commodity prices, it is imperative that KAB manages the impact of commodity price fluctuations across its value chain to effectively manage KAB's financial performance and profitability. This can be done by timing procurement according to project timelines and by effective project management. Apart from staying alert to the latest movement in material prices, we have developed a mutually valuable relationship with our stakeholders to ensure a mechanism is in place for prices to be structured to be at an acceptable level for both parties.

In order to mitigate the risk of over reliance on the property market, we have expanded our service offerings and customer base by extending our geographical reach beyond the Klang Valley area and seizing opportunities to expand into neighbouring countries. As part of this strategy, the value of the acquisition of Energy Optimisation Thailand Co., Ltd in 2020 is starting to be realised as we have secured 5.1 MW of energy projects in Thailand as of 2021 and have an additional 33.7 MW currently in our tender book. With borders being opened, we are confident that we will see greater contributions from our foreign subsidiary companies as we will be more active regionally. In fact, Thailand is also a more attractive location for power projects as the electricity tariff in Thailand is higher than in Malaysia.

Given the rising global energy costs, we foresee that the revision in electricity tariffs will happen through an increase in the Imbalance Cost Pass Through ("ICPT") rate. This event is an upside risk to the FY2022 revenues and profitability, and we see this as a potential upside to the Group for the year ahead.

Due to the increase in electricity demand, KAB is well positioned to provide energy to customers independent of the local energy provider. An increase in the energy demand coupled with an expected increase in the ICPT rate will cause higher demand for solutions that are more energy efficient.



We are confident that we will see greater contributions from our foreign subsidiary companies as we will be more active regionally.

Management Discussion & Analysis

With the setting up of the Sukuk Programme of MYR500 million to fuel the increase in demand, we believe that we are in a good position as KAB can offer a zero-capex scheme by building and financing the construction of power generation systems to sell clean energy to customers. The first tranche of the programme was issued in January 2022 to refinance the loan in a subsidiary company. This will bring down the interest cost that represents an upside to the Group.

Given that the Overnight Policy Rate (OPR) is still low, KAB is also looking to strategically utilise the Sukuk Programme by consolidating all financing requirements of all our projects in the pipeline for the best financing arrangement to ensure the projects yield the highest returns. The Company has a good platform to raise funds via the debt and capital markets with cheaper financial cost and to relieve our customers from significant financial burden on the high investment cost in the systems.



Sukuk Programme

MYR500
million



to fuel the increase in demand, we believe that we are in a good position as KAB can offer a zero-capex scheme by building and financing the construction of Sustainable Energy Solutions systems to sell clean energy to the customers.

FORWARD LOOKING STATEMENTS

Despite the challenges faced in 2021, KAB managed to increase its order book to MYR485.1 million as at 8 April 2022, which will provide strong revenue visibility. Notwithstanding continued successes and resilient business growth, the Group will continue to seek opportunities to be a One-Stop Engineering and Energy Solutions Provider.

With the Malaysian government's new target of having 31% of the country's energy mix coming from renewable energy sources by 2025, which is 11% higher compared to the target set by the previous government, we foresee that our foray into Sustainable Energy Solutions will continue to bear fruit for years to come. This is given our strong track record in rooftop solar projects, cogeneration facilities, and waste heat recovery systems. Especially for the latter two areas, KAB is among a handful of companies in Malaysia that have the experience and expertise to implement such projects.

Our expansion into the telecommunication infrastructure sector was also strategically timed with the government's first phase of the National Digital Network ("Jendela") initiative. Under the Jendela initiative, the country's mobile broadband coverage rate is targeted to increase to 98% from the existing 93%, which would require significant investments between 2021 and 2025. This would also increase the 5G infrastructure in Malaysia. KAB is in the midst of finalising a joint venture with a prominent local partner to expedite our penetration into the telecommunication industry to leverage on the Jendela initiative.

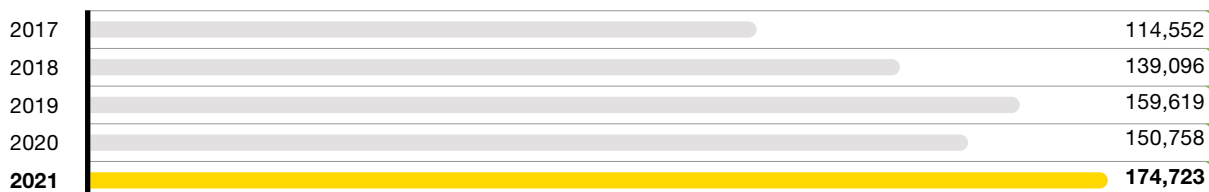
KAB is continuously seeking to invest in companies with potential for long term sustainable growth. In view of that, KAB has established a dedicated team to explore synergistic Merger & Acquisition opportunities that is placed directly under the purview of the Investment Committee.

With the strong order book and clear direction of the company, the Board of KAB believes that the Group will be able to deliver an encouraging performance in the financial year ending 31 December 2022.

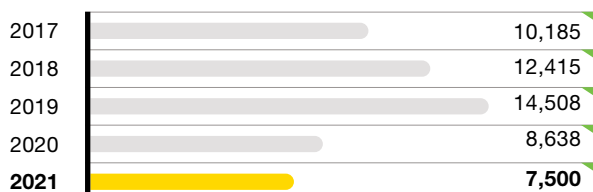
Five-Year Group Financial Highlights

Financial Year Ended Dec-31	2021 MYR'000	2020 MYR'000	2019 MYR'000	2018 MYR'000	2017 MYR'000
Revenue	174,723	150,758	159,619	139,096	114,552
Profit Before Taxation	7,500	8,638	14,508	12,415	10,185
Total Comprehensive Income	4,141	5,182	10,406	8,557	6,776
Paid Up Share Capital	93,809	53,299	48,299	32,000	32,000
Shareholders' Fund	124,933	79,967	71,357	48,257	42,899
Dividends	0	2,307	3,364	3,200	0
Basic Earnings Per Share (Sen)	0.27	0.63	3.05	2.680	2.712

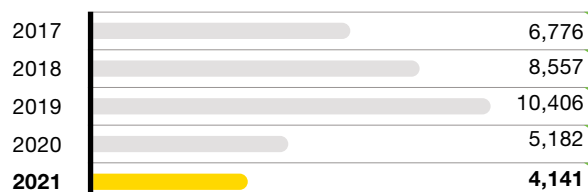
Revenue (MYR'000)



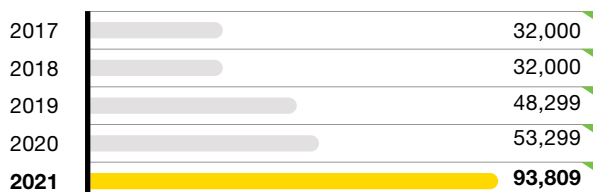
Profit Before Taxation (MYR'000)



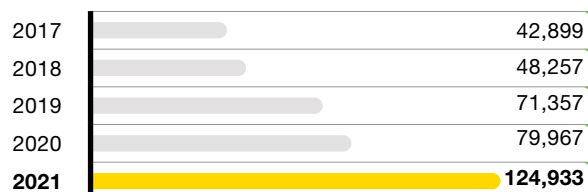
Total Comprehensive Income (MYR'000)



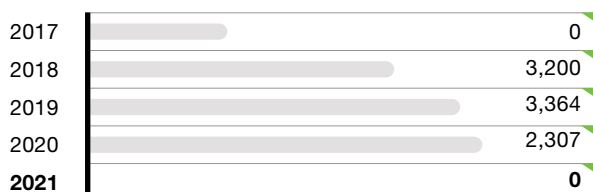
Paid Up Share Capital (MYR'000)



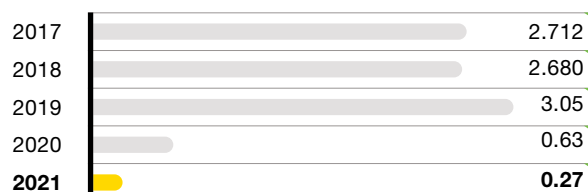
Shareholders' Fund (MYR'000)



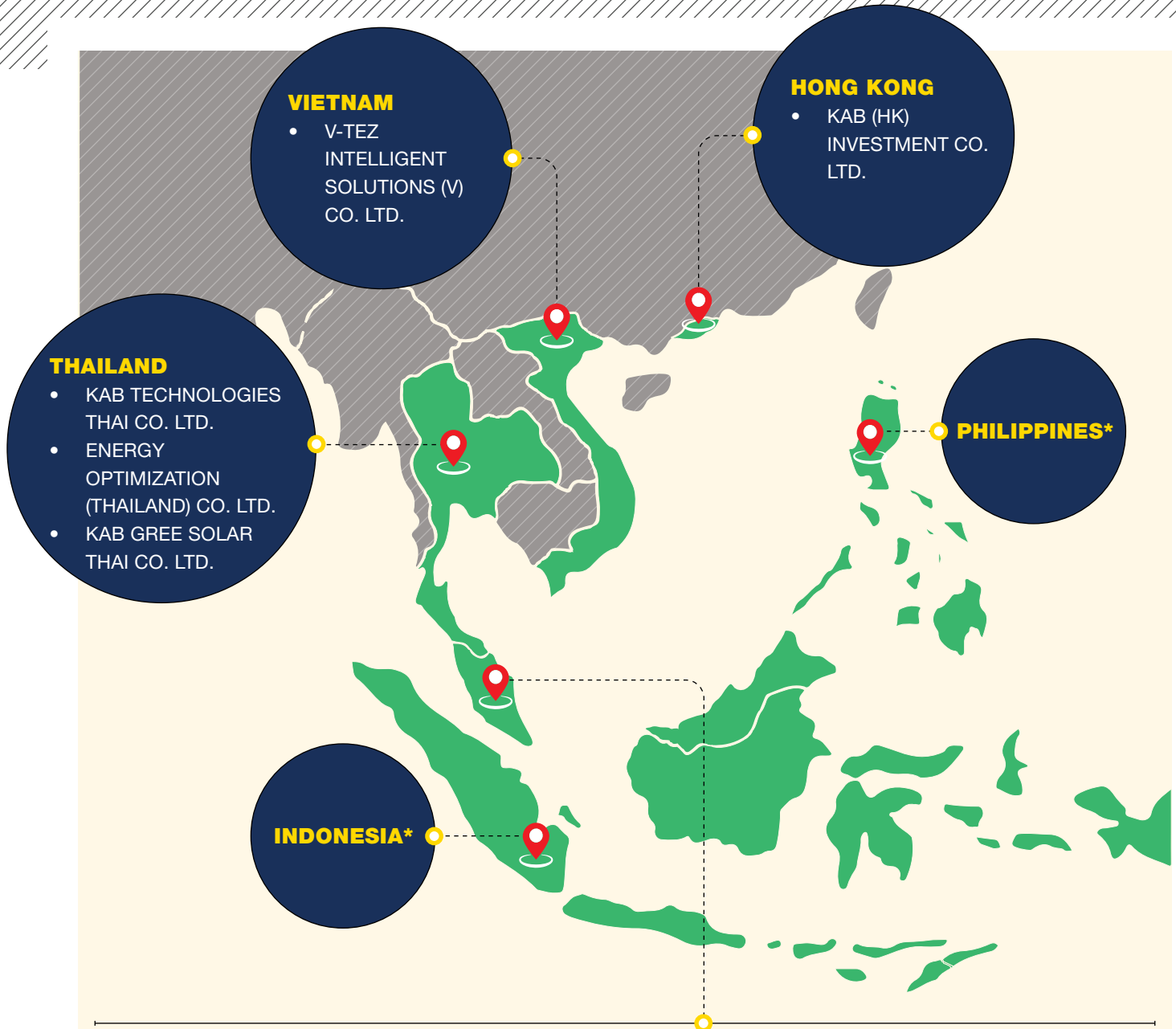
Dividends (MYR'000)



Basic Earnings Per Share (Sen)



Regional Expansion



VIETNAM

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

HONG KONG

- KAB (HK) INVESTMENT CO. LTD.

THAILAND

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

PHILIPPINES*

INDONESIA*

MALAYSIA

- KEJURUTERAAN ASASTERA BERHAD (KAB)
- KAB ENERGY HOLDINGS SDN. BHD.
- KAB ENERGY POWER SDN. BHD.
- KAB CAREWELL O&M SERVICES SDN. BHD.
(Formerly known as KAB M&E Engineering Sdn. Bhd.)
- KABT UNIFIED ENGINEERING SOLUTIONS SDN. BHD.
- KAB CORE CONNECT O&M SERVICES SDN. BHD.
- DYNAGEN POWER (M) SDN. BHD.
(Formerly known as Konpro Industries Sdn. Bhd.)
- ECONERGY PLUS SDN. BHD.
- TVT LINK TECH SOLUTIONS SDN. BHD.
- KAB TECHNOLOGIES SDN. BHD.
- KAB TELCO SDN. BHD.
- KAB SIGNATURE MANAGEMENT SDN. BHD.
- KAB SMART SOLAR ENERGY SDN. BHD.
- KAB GREE SOLAR SDN. BHD.
- KAB ROBOTIC & AUTOMATION SOLUTIONS SDN. BHD.
- KAB BINTAI ENERGY SDN. BHD.
- KIEV CRG SDN. BHD.
- ELIQ MANAGEMENT SDN. BHD.
- MAYANG HIJAU SDN. BHD.

* Expansion plan in the pipeline

Corporate Events

Announcements & Events

Acceptance of two letter of appointment with the total contract sum of MYR17.9 million from China Construction Yangtze River (M) Sdn. Bhd.

➤ 6 April 2021

Completed listing and quotation of 1,691,894,669 split shares (including 88,898 treasury shares) on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

➤ 9 April 2021

Private Placement undertaken in 2019, was deemed completed with total proceeds raised close to MYR22 million.

➤ 16 April 2021

Completed issuance of 845,902,607 bonus issue of warrants on the Main Market of Bursa Securities.

➤ 5 May 2021

Received approval from Bursa Securities on the listing and quotation of up to 169,180,000 Placement Shares to be issued under General Mandate 2021.

Listing of total 106,100,000 Placement Shares on various dates at various share prices with total proceeds of MYR39.05 million received.

➤ 23 July 2021

Entered into a Binding Term Sheet with Vodex Technical Services Sdn. Bhd. to form a special purpose vehicle named TVT Link Tech Solutions Sdn. Bhd.

➤ 21 July 2021

Completed subscription of 80% capital in Mayang Hijau Sdn. Bhd.

➤ 8 July 2021

Energy Optimization (Thailand) Co., Ltd, an indirect subsidiary of KAB, secured four (4) new projects with a combined installed capacity of 3,912-kilowatt peak solar photovoltaic systems.

➤ 9 June 2021

Received a Letter of Award from Mydin Wholesale Emporium Sdn. Bhd. and entered into a Principal Term Sheet with FT Hose & Hose Sdn. Bhd. for the installation of a PV Solar Systems with total total capacity of 4,971 kWp.

➤ 26 July 2021

Entered into a Joint Venture with YL Global Ventures Sdn. Bhd. to embark into robotics solutions business.

➤ 17 September 2021

Established Multi-Currency Sukuk Programme of up to MYR500 million in nominal value.

➤ 29 September 2021

Completed the acquisition of the entire equity interest in Dynagen Power (M) Sdn. Bhd., formerly known as Konpro Industries Sdn. Bhd., to supply 2.2 MW power.

➤ 25 October 2021

Made the first issuance of Sukuk Murabahah of MYR19.95 million (Tranche 1) with guarantee of Danajamin National Berhad pursuant to the Multi-Currency Sukuk Programme of up to MYR500 million.

➤ 31 January 2022

Entered into a Term Sheet Agreement with Sarawak Cable Bhd (SCB) to acquire mini-hydropower plant with an installed capacity of 11 MW in Indonesia

➤ 19 January 2022

Completed acquisition of iSenze Sdn. Bhd. and kickstart robotic business as OTSAW's exclusive authorised reseller in Malaysia.

➤ 30 November 2021

Secured three (3) projects for the installation of a PV Solar Systems with a total capacity of 4,537 kWp.

➤ 18 November 2021

Sustainability Statement

SUSTAINABILITY IN THE NEW NORMAL

At Kejuruteraan Asastera Berhad (“KAB” or “the Company”), we believe in the principles of “sustainable development” – development that meets the needs of the present without compromising the ability of future generations to meet their own needs. We look at sustainable development as forwarding our own business interests while at the same time also considering broader economic, environmental and societal interests.

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

Since the Company’s establishment as an electrical engineering and contracting services provider in the 1990s, our role as a bridge between energy providers and energy consumers gave us the opportunity to provide more and more sustainable solutions in terms of engineering and project expertise. Our operations have grown from strength to strength, starting from our origins in Malaysia to Thailand, Vietnam and Hong Kong.

In managing sustainability, our boundaries – where there is involvement with the impacts that occur for our material sustainability topics, include KAB and its subsidiaries:



We insist in moving forward with our Sustainable developments in business, and we aspire to be a shining beacon in our Sustainability performance. Our key 5 aspirations are:

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

In 2021, we have prepared our Sustainability Report in addition to our Sustainability Statement to showcase and provide details of our performance on our material Sustainability matters, and how we have continued to build ourselves on Sustainability principles. Our annual Sustainability Report has been prepared in accordance with the GRI Standards: Core option, and covers the reporting period from January to December 2021. A GRI Content Index is provided, along with information on how the various

United Nations Sustainable Development Goals (UN SDGs) are linked to each “topic specific disclosure” of our Material Matters.

STAKEHOLDERS AT THE HEART OF SUSTAINABILITY

Stakeholders are at the crux of our Sustainability Management and Reporting, which affects our risks, opportunities, and non-financial performance. Hence, Stakeholder Identification and Engagement is part of the foundation of our Sustainability efforts.

Without Stakeholder inclusiveness in our business and strategy, we would not be able to accurately and effectively determine material sustainability matters to manage, measure and disclose. Stakeholder consultation is used to support our identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.

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

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



Sustainability Statement

Internal Stakeholders of KAB include those who are invested in the Company, and are conventionally identified to include, inter alia:

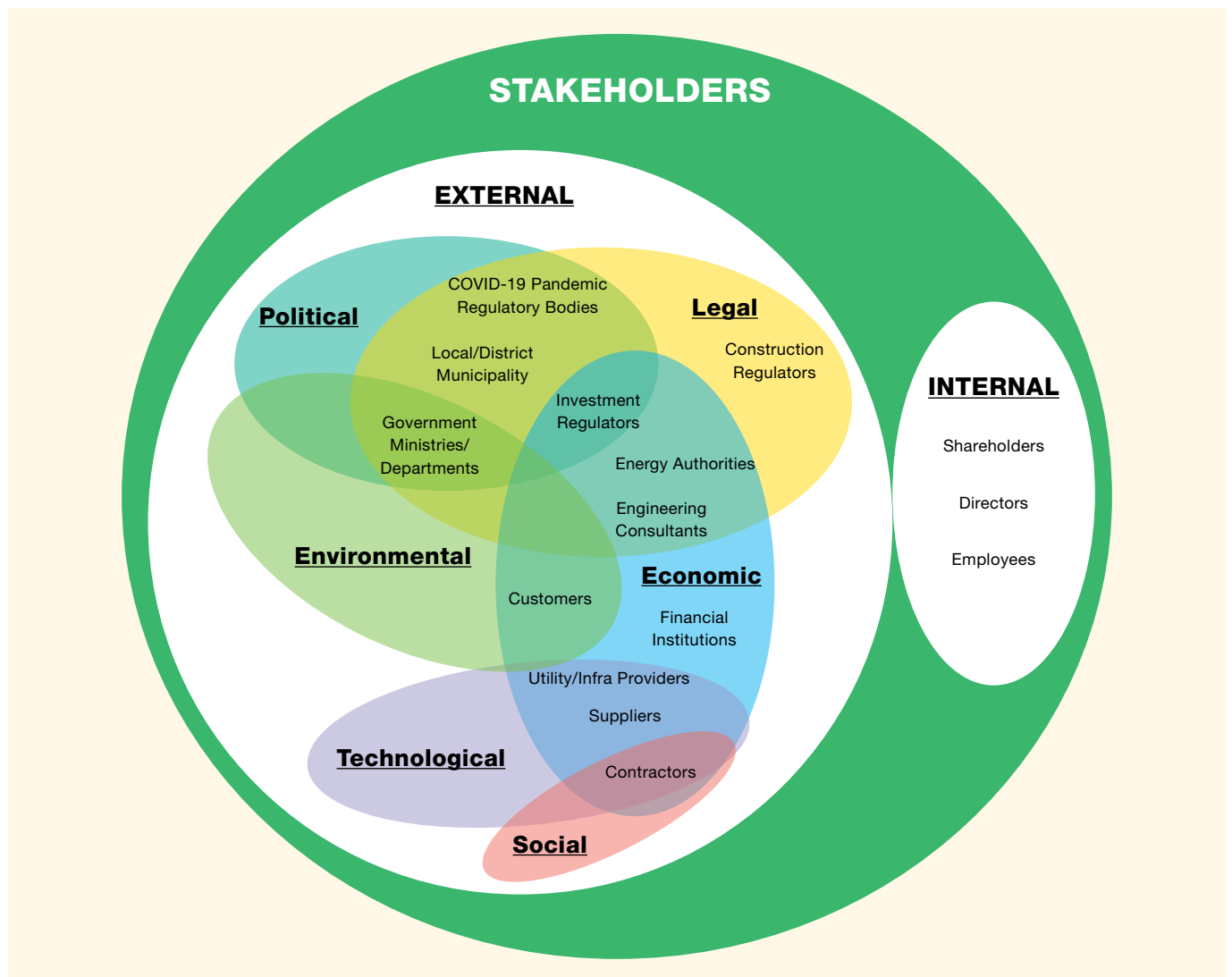


On the other hand, External Stakeholders are identified using our internal processes based on the “P.E.S.T.L.E. analysis”. A P.E.S.T.L.E. analysis is a framework to analyze the key factors (Political, Economic, Sociological, Technological, Legal and Environmental) influencing us from the outside.

Our External Stakeholders, would include, inter alia:

- **Customers**
- **Engineering Consultants**
- **Energy Authorities**
- **Construction Regulators**
- **Utility/Infrastructure Providers**
- **Suppliers**
- **Contractors**
- **Government Ministries/Departments**
- **Local Municipalities**
- **Investment Regulators**

The result of our Stakeholder identification process in 2021 is presented in the diagram below.



Sustainability Statement

Key issues and concerns relating to Sustainability that are revealed from these Stakeholder Engagements include:

- **Economic matters:**
Corporate Governance, Procurement Practices, Anti-Corruption, Anti-Competitive Behaviour, Taxation, Financial Assistance from Government, Financial Implications (risks and opportunities) due to Climate Change
- **Environmental matters:**
Materials, Energy, Water/Effluents, Biodiversity, Emissions (GHG), Waste, Environmental Compliances, Impacts caused/contributed by Suppliers
- **Social matters:**
Employment Practices, Labour Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Non-discrimination, Freedom of Association and Collective Bargaining, Child Labour, Forced/Compulsory Labour (by own Operations and Suppliers), Practices of Security Personnel, Rights of Orang-Asli/Asal, Human Rights, Local Communities, Social Impacts in the Supply Chain, Contributions for Political Causes (Public Policy), Health and Safety of Customers (Products/Services), Marketing and Labelling of Products/Services, Customer Data and Privacy, Socioeconomic Laws and Regulations

We have released our inaugural internal KAB Stakeholders Report 2021 after the completion of our stakeholder identification and Stakeholder Engagement processes to record and analyse all our findings on a more empirical and structured basis.

Key interests and concerns from major stakeholder groups are addressed after our ongoing engagements, whereby more detailed information is used in the determination of our Material Matters.

Stakeholder Groups	Interests and Concerns	Our response
Board of Directors	<ul style="list-style-type: none"> • Governance matters • Climate-related risk and opportunities • Sustainability performance • Sustainable financing and capital opportunities • Sustainability ratings and indices • Employees: Diversity 	<ul style="list-style-type: none"> • Comply with regulations and legislations on all governance matters • Work with external professional to build internal Sustainability (governance, environmental, social) competencies, policies, and processes • Improve our sustainability performance to improve sustainability ratings and target to be on FTSE4Good Index
Shareholders	<ul style="list-style-type: none"> • Corporate Governance • Climate-action, green, energy saving related projects that positively impact the environment and business 	<ul style="list-style-type: none"> • Comply with regulations and legislations on all governance matters • Aggressively pursue business opportunities in the renewable energy and green technology business segments
Employees	<ul style="list-style-type: none"> • Privacy and data protection • Human rights and labour relations • Training and education • Employment practices, diversity, non-discrimination and inclusion • Occupational Health and Safety 	<ul style="list-style-type: none"> • Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010 • Human Rights Policy • New training sessions on Sustainability in 2021 • Improvements in employment practices • New and updated Workplace Environment Occupational Safety and Health Policy

Sustainability Statement

Stakeholder Groups	Interests and Concerns	Our response
Customers	<ul style="list-style-type: none"> Occupational Safety and Health Privacy and data protection Products and services that achieve Sustainability targets 	<ul style="list-style-type: none"> New and updated Workplace Environment Occupational Safety and Health Policy Continue to maintain good privacy and data protection practices in accordance to the Personal Data Protection Act 2010 Sustainable Energy Solutions
Suppliers and Contractors	<ul style="list-style-type: none"> Price fluctuations COVID-19 pandemic related Standard Operating Procedures (SOPs) Safety measures 	<ul style="list-style-type: none"> Managing procurement practices Compliance with government regulations on COVID-19 Strict compliance to our safety and health standards, policies and regulations
Engineering Consultants	<ul style="list-style-type: none"> Price fluctuations COVID-19 pandemic related Standard Operating Procedures (SOPs) 	<ul style="list-style-type: none"> Managing procurement practices Compliance with government regulations on COVID-19 Strict compliance to our safety and health standards, policies and regulations
Government Departments	<ul style="list-style-type: none"> Occupational Safety and Health COVID-19 pandemic related Standard Operating Procedures (SOPs) 	<ul style="list-style-type: none"> Compliance with government regulations on COVID-19 Strict compliance to our safety and health standards, policies and regulations

FOCUSING ON OUR MATERIAL MATTERS

In 2021, we have conducted our Materiality Analysis to identify our material sustainability matters. We published our inaugural internal Materiality Report 2021, whereby the report documents the process, methodology and results with regards to the Materiality Analysis in order to define the final list of Material Matters.

Our Materiality Analysis is tied to two Reporting Principles for defining report content, i.e. Materiality and Completeness, of the GRI Standards.

The Materiality Principle states that the report shall cover matters ("Material topics") that:

- reflect the reporting organisation's significant economic, environmental, and social impacts; or
- substantively influence the assessments and decisions of Stakeholders.

Our Materiality Analysis is designed based on key factors below:

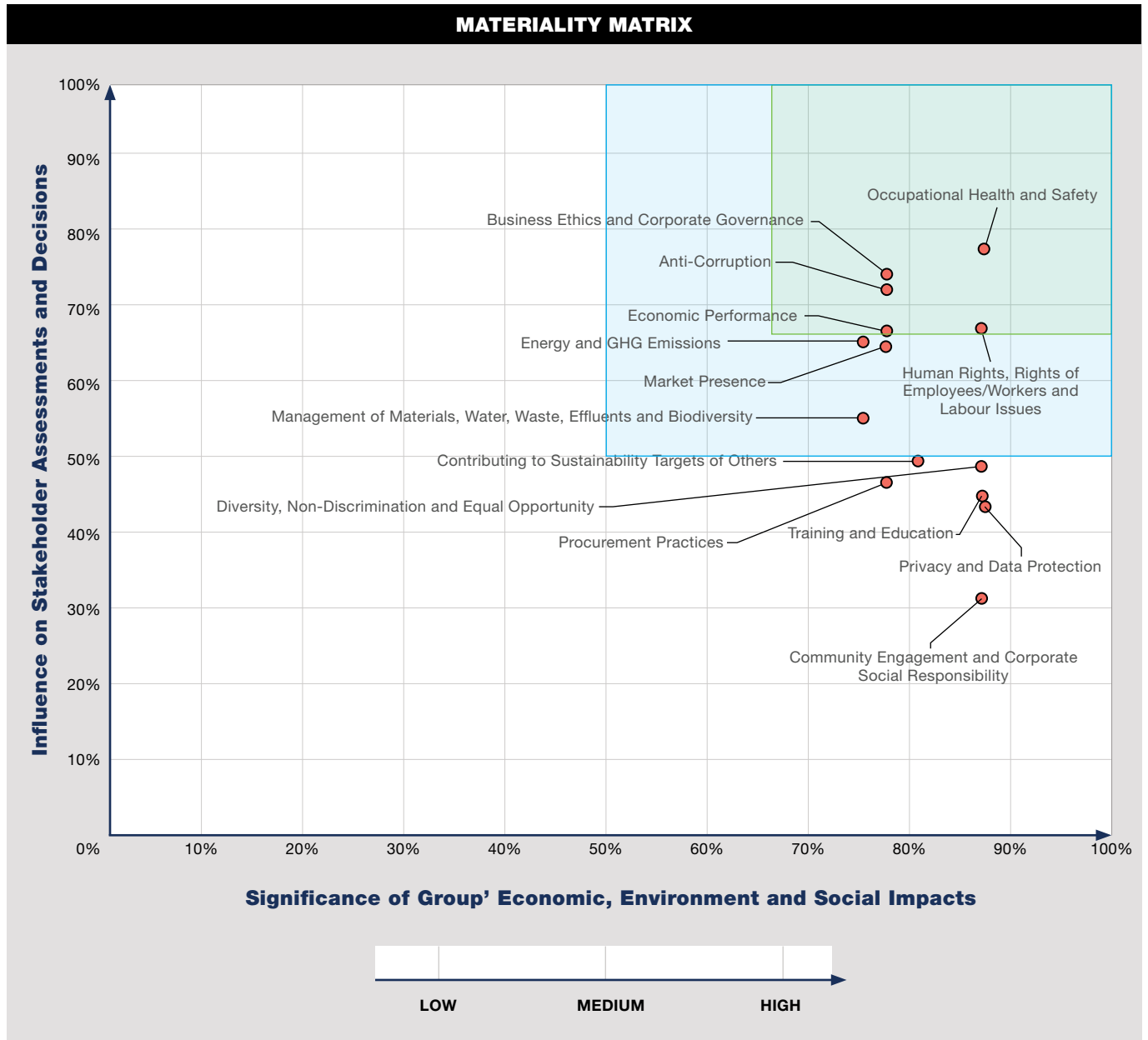
- The interests and expectations of Stakeholders specifically invested in our Company, such as employees, shareholders, the Board of Directors, investors and vendors.
- Key organisational values, policies, strategies, operational management systems, goals, and targets.
- The core competencies and the manner in which they can contribute to sustainable development.
- Consequences which are related to its impacts on the economy, the environment, and/or society (for example, risks to its business model or reputation).
- The main topics and future challenges for the sector.
- Laws, regulations, or agreements of strategic significance to the Company and its Stakeholders.

Stakeholder groups that were considered when conducting the Materiality Analysis, according to importance and weightage are:

- Shareholders and Investors
- Board of Directors
- Government and Regulators
- Customers
- Employees
- Financial Institutions
- Suppliers, Contractors, Engineering Consultants

From our detailed analysis, we have determined our Materiality Matrix.

Sustainability Statement



As a result of our Materiality Analysis, the most Material Sustainability Matters (Material Topics) spanning Economic, Environmental and Social dimensions are prioritised as below:

1. Occupational Health and Safety
2. Business Ethics and Corporate Governance
3. Anti-corruption
4. Economic Performance
5. Human Rights, Rights of Employees/Workers and Labour Issues
6. Energy and GHG Emissions

The results of the Materiality Analysis are documented in our Materiality Report 2021. The Material Matters defined are prioritized for to be managed and reported in our sustainability disclosures.

Sustainability Statement

MANAGING OUR MATERIAL MATTERS

1. Occupational Health and Safety



As we continue to uphold our vision to excel as a one-stop engineering and energy solutions provider, we commit to high occupational safety and health (“OSH”) standards, via our compliance with occupational safety and health regulations and management systems throughout all our operational sites. Through engagement with our internal and external stakeholders, occupational safety and health is a highly prioritized material topic.

At KAB, we have our own “Workplace Environment Occupational Safety and Health Policy” that provides a framework for the Company to achieve the following:

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

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

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

To achieve our goals and responsibilities in terms of occupational safety and health, KAB been implementing its occupational safety and health (OSH) management system, that is in compliance with Occupational Safety and Health Act 1994 (Act 514) and Regulations, Factories and Machinery (Building Operation and Works of Engineering Construction) (Safety) Regulations 1986, and in accordance to the Company’s Workplace Environment Occupational Safety and Health Policy. In addition to regulations, the occupational safety and health management system at project sites that we are involved in also follow globally recognized standards such as ISO 45001:2018. KAB will be certified with ISO 45001:2018 standards by the year 2022.

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

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

Sustainability Statement

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

Specifically, for all our employees in 2021:

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

We follow Malaysia's Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (NADOPOD) Regulations by the Department of Occupational Safety and Health (DOSH) in our Management processes and recording.

2. Business Ethics, Corporate Governance, Anti-corruption and Economic Performance



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

As a Company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), our first responsibility in managing business ethics, corporate governance, anti-corruption and economic performance is to meet all Main Market Listing Requirements ("Main LR") as set out by Bursa Securities, and the Malaysian Code of Corporate Governance as set out by the Securities Commissions Malaysia, along with all laws and regulations that apply.

At KAB, we also have a series of codes and policies that expresses our commitments, our procedures and processes on these material matters:

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

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

A Whistleblowing Committee currently consisting of three members and is chaired by an Independent Director, has been established to oversee the implementation our whistleblowing and grievance mechanisms, to manage and handle complaints and reports received through the mechanism.

Sustainability Statement

In our whistleblowing and grievance policies and mechanisms, we have identified certain conducts that are deemed reportable for further investigation and response, including acts that are:

1. Against the law or failure to comply with legal or regulatory obligations
2. Unethical or in breach of Code of Conduct or other policies
3. Dishonest, fraudulent or corrupt
4. Involves coercion, harassment, victimization or discrimination
5. Misleading or deceptive, including questionable accounting, financial reporting or auditing practices
6. Potentially damaging to the Group, the Group's employees or business associates, including unsafe work practices, environmental damages, health risks, or wasting of the Group's resources likely to cause financial loss to the Group, damage its reputation, or be otherwise detrimental to the Group

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

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

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

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

Upholding anti-corruption and anti-bribery in our Company is a core part of maintaining integrity in our business operations and business practices. By 2021, we have made sure that all levels of the organisation from the highest governance body members to all employees have been involved with anti-corruption measures.

Anti-corruption Measures in 2021	Board Members	Employees in Management Positions	Employees below Management Positions
Communication of anti-corruption policies and procedures	100%	100%	100%
Training on anti-corruption	100%	100%	100%

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

Anti-corruption Measures in 2021	Suppliers/ Contractors	Customers
Communication of anti-corruption policies and procedures	100%	100%

In general, we have not been involved with Sustainability fines or penalties in 2021.

Economic Related Activity	Currency (MYR)
Total cost of fines, penalties or settlements in relation to corruption	0
Total costs of environmental fines and penalties during financial year	0
Total fines and settlements specified for ESG issues in audited accounts	0

Sustainability Statement

3. Human Rights, Rights of Employees/Workers and Labour Issues



We believe that the only way to grow is to be responsible to our people and create positive impacts together that contributes to sustainable development. People centric areas such as human rights, rights of employees in our employment and labour/management relations are at the top of our sustainability list because not only does our business requires us to focus on these areas, but also these are areas that concern and interest our stakeholders.

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

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

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

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

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

Our Board, assisted by the Management, is responsible for developing strategies to meet the objectives of the policy, as well as monitoring the progress of achieving the objectives such as meeting Malaysia’s target to have at least thirty (30) percent women representation in decision-making positions and at least one female Board member, and zero involvement with forced labour, human trafficking and child labour. Hence, to continue developing our internal competencies to manage people-related impacts, our Board, Management and employees attend trainings with regards to Human Rights in business and the workplace that are conducted by consultants and specialists in the area.

Human Rights training in 2021/2022:

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

We value our people and do our best to attract and retain talents to grow with us. In 2021, the number of talents have grown as we continue our business growth. Our total number of employees within the Company has grown to two hundred and sixteen (216) in 2021 by the end of the reporting period.

Age group	Total new hires	Rate of new hires
Under 30 years old	51	23.6%
30-50 years old	34	15.7%
Over 50 years old	6	2.8%

Gender	Total new hires	Rate of new hires
Female	20	9.3%
Male	71	32.9%

Region	Total new hires	Rate of new hires
Malaysia	91	42.1%
Foreign	0	0%

Sustainability Statement

4. Energy and GHG Emissions



As climate change and global warming continues to be one of the most pressing issues, KAB has set its way ahead to align its operations internally, and engineering solutions externally to meet global climate change and climate action commitments. Even though we are at the beginning of our climate action journey, we believe our passion and drive will accelerate our progress towards achieving our sustainability aspirations in terms of the environmental aspect. We believe in the mantra “For a Greener Earth” in everything that we do.

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

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

▶ **Scope 1** emissions are direct GHG emissions that occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.

▶ **Scope 2** emissions are energy indirect emissions from the generation of acquired and consumed electricity, steam, heat, or cooling.

▶ **Scope 3** emissions are indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organization, including both upstream and downstream emissions.

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

1. Prior to the COVID-19 pandemic that gradually grew global beginning from the end of 2019, we have already begun framing and reporting on our emissions data. However, if the benchmark is set in 2019, the data trend would be disrupted due to the pandemic that would have caused significant changes in the subsequent year.
2. 2020 is also an unsuitable base year because there are too much fluctuations, instabilities and uncertainties due to the COVID-19 pandemic crisis that has disrupted business operations throughout all our energy and emissions boundaries. Emergency lockdowns, halting of business operations, restrictions in travelling, and restricting employee access to the workplace for social distancing purposes, has caused data trends to not reflect business as usual scenarios and hence the effect of any energy or emissions reductions initiatives could not be clearly visible.
3. 2021 would be the most suitable base year as the “new normal” because COVID-19 has begun to reach a plateau. Energy consumption and emissions that arise from the course of business is seen to have a more stable trend as operations in the Company and also throughout the business value chain are no longer disrupted from any emergency measures to deal with the pandemic. “Work from home” has become a central part of the new normal for many individuals and entities within the business value chain, and would be seen as a being continued in the future as business operations begin to reduce physical activities by transitioning to virtual work activities. Net zero targets with a sufficiently stable starting point will provide more meaningful tracking of initiatives and achievables.

In following the GHG Protocol framework, recalculation may be necessary when changes to base-year emissions would exceed the Company’s established significance threshold. This happens when we restructure our business operations – including acquisition/divestments/mergers, discover calculation errors, or identify changes in calculation methodology or improvements in data accuracy over time.

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

In our Sustainable Energy Solutions portfolio, we have several key areas of focus, namely chiller optimisation, co-generation, waste heat generation and solar photovoltaic systems.

Sustainability Statement

1. Sustainable Energy Solutions: Chiller Optimisation

Chiller Optimisation is a process that optimises chiller plant and HVAC system through a data driven approach. In this technology, the system connects existing mechanical equipment such as chiller plant, ventilators, AHU, FCU and light control. The system collects data from a network of on-site sensors and external data points such as the weather. Thereafter the system will perform calculations based on the data gathered by the sensors and then derive heat/cooling load.

There are currently five (5) projects in operations throughout Malaysia and the total of energy saved for these five (5) projects in 2021 comes to a total of 1,768,570kWh. This means that there is an avoidance of 1,034tCO₂e emissions in 2021 from the reduction of energy consumption in the chiller operations of the buildings in these projects.

2. Sustainable Energy Solutions: Co-generation

Co-generation means simultaneously producing electricity and steam from a single fuel source. Co-generation is relevant for all facility that requires energy, hot water, cold water or steam.

In conventional generation systems, coal is used to move the turbines that causes the generator to generate electricity, while natural gas is used as fuel for the heating unit that produces heat. Co-generation system uses only natural gas to feed into the co-generation unit to directly produce electricity while at the same time fueling the heating unit for heat energy.

3. Sustainable Energy Solutions: Waste Heat Recovery

On the other hand, what is known as waste heat recovery or more specifically Organic Rankine Cycle (ORC) Sustainable Energy Solutions uses a carbon based working fluid with a low boiling point, to capture low-grade heat and convert it into electricity. This technology is similar to traditional steam turbine but the crucial difference is that rather than using water vapour, the system vaporises a high-molecule-mass organic fluid, for excellent electric performance.

4. Sustainable Energy Solutions: Solar Photovoltaic System

Solar PV systems harness the power of the sun to generate electricity. As of 2021, we have a total of twelve (12) awarded projects with a total capacity of 16,176kW peak output. We will continue to pursue aggressively solar projects that has been proven to be one of the cleanest energy generation technologies to-date.

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

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

The management and commitments on energy and emissions is also encapsulated on our Environmental Policy which reflects our commitment to having a holistic approach on environmental management towards contributing to climate action, climate change adaption and sustainable development goals:

- The Company commits to using energy more efficiently and opting for Sustainable Energy Solutions sources, which is essential for combating climate change and for lowering the Company's overall environmental impacts.
- The Company commits to address its GHG emissions and to improve operational efficiency, which would result in a reduction of its GHG emissions. The Company would also consider setting short to long term targets for GHG emissions in line with the relevant national or international regulations, standards and/or accords.
- Any employee or any third party may report any feedback or grievances with regards to any negative impacts with regards to energy and emissions via our Sustainability email. The Management will thereafter investigate, address and respond to the concerns expressed in the feedback and will take appropriate corrective action in response to any negative impacts.

In terms of our energy consumption, KAB's operational boundaries in Malaysia include purchased energy from the national grid, and also natural gas for the generation of electricity in our co-generation project.

In accordance to the GRI Standards, the total energy consumption for 2021 is calculated as per the formula:

**Total energy
consumption
within the
organisation**

=

Non-renewable fuel consumed
+ Renewable fuel consumed
+ Electricity, heating, cooling, and steam purchased for consumption
+ Self-generated electricity, heating, cooling, and steam, which are not consumed
- Electricity, heating, cooling, and steam sold

Sustainability Statement

Description	kWh
Non-renewable fuel consumed (Natural Gas)	9,525,668
Renewable fuel consumed	0
Electricity purchased for consumption	101,357
Self-generated electricity which are not consumed	0
Electricity sold (-)	-3,435,255
Total Energy Consumption	6,191,770

Scope 1 emissions

For the purposes of our record, the average RON95 pricing per litre in 2021 is approximately MYR2.05, whereby 25,060 litres of petrol was purchased for the use of Company owned vehicles. Hence, based on Carbon Trust's Fuel Conversion 2020, the total of 54.3tCO₂e emissions was derived.

Owned Transport – Petrol	2019	2020	2021
Emissions (tCO ₂ e)	32.6	30.1	54.3

Since September 2021, we have an addition of emissions from co-generation as a result from the combustion of natural gas. The total of natural gas that was consumed was 902,907.42 sm³. The emission factor for stationary combustion of natural gas is according to the WRI GHG Emission Factors Compilation, 2017.

Stationary Combustion – Natural Gas	2021
Emissions (tCO ₂ e)	1,702

Hence the total of Scope 1 emissions for the year 2021, including both owned transport and natural gas combustion, is 1,756tCO₂e. For the reasons mentioned above, the year 2021 shall be the base year for Scope 1 emissions tracking moving forward.

Scope 2 Emissions

For the reporting period from January to December 2021, our purchased electricity was 101,357kWh.

Energy indirect – Purchased Electricity	2019	2020	2021
Emissions (tCO ₂ e)	55.8	49.0	59.3

Scope 3 Emissions

For business travel (air travel) calculations, 2021 shall be the base year moving forward. Fuel consumption per flight, and therefore, emissions per flight shall henceforth be based on Carbon Independent's calculation on aviation, whereby Carbon Independent values of 250 kgCO₂e per hour is within the range of other published values.

Category 6: Business travel – air travel	2019	2020	2021
Emissions (tCO ₂ e)	4.4	1.2	1

Significant Scope 3 emissions will also come from our employee commuting (Category 7: Employee Commuting), as the economy recovers and operations adapt to the new normal. 2021 shall be the base year moving forward. The average data method in accordance to GHG Protocol is used as the base for calculations, with parameters including two hundred and sixty-one (261) working days (average five (5) working days a week) in Malaysia in 2021 and assumption that employees use private passenger cars, and an average of twenty (20) kilometres round-trip per day for commuting to work.

Emissions conversions are based on Carbon Trust's Passenger Transport Conversion Factor 2020.

Category 7: Employee commuting for 216 no. of Employees	2021
Emissions (tCO ₂ e) – Passenger Cars	19.65

The total amount of Scope 3 Emissions in 2021, including both Categories 6 and 7, is 20.65 tCO₂e.

Please refer to our Sustainability Report 2021 (full version) for detail reporting on each of the sustainability matters identified.

Event Highlights

16 February 2021



CNY Luncheon

July 2021



Donation to HOPE Food Bank

Year
2021

24 May 2021



Hari Raya Celebration

24 October 2021



Solar Project
SME Aerospace
Sdn. Bhd. (SMEA),
Malaysia

10 December 2021



KAB Robotic And
Automation Solutions
Sdn. Bhd.'s Showroom
Soft Launching at
Tropicana Avenue

Event Highlights

20 December 2021



KAB Energy Power Sdn. Bhd.'s Safran Cogen Plant at Senawang, Seremban

6 February 2022



Solar Project Aapico Hitech Public Co Ltd (AHR), Thailand



Solar Project Aapico Plastic Public Co Ltd (APR), Thailand

Year **2022**

28 December 2021



CSR Donation of mattress

25 January 2022



MTN Danajamin Signing Ceremony

25 February 2022



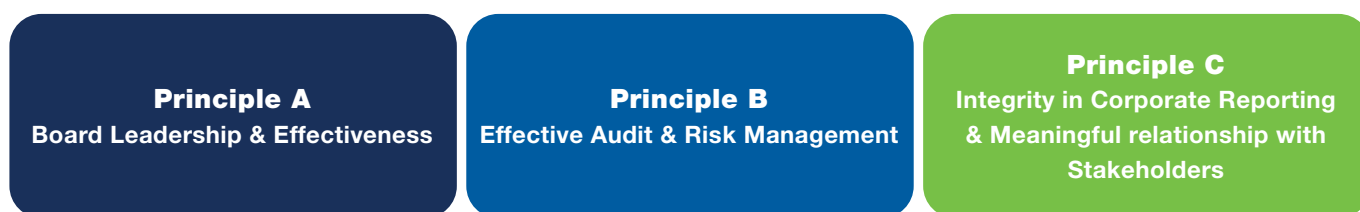
Solar Project Roongthavorn Plastic Co Ltd (RTP), Thailand

Corporate Governance Overview Statement

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

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

The Board is pleased to present this Corporate Governance Overview Statement (“CG Statement”) to provide the investors with an overview of the extent of compliance with three (3) Principles as set out below in the MCCG under the stewardship of the Board for the financial year ended 31 December 2021 (“FY2021”) 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://asastera.com/>

KAB’S CORPORATE GUARANTEE (“CG”) HIGHLIGHTS

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

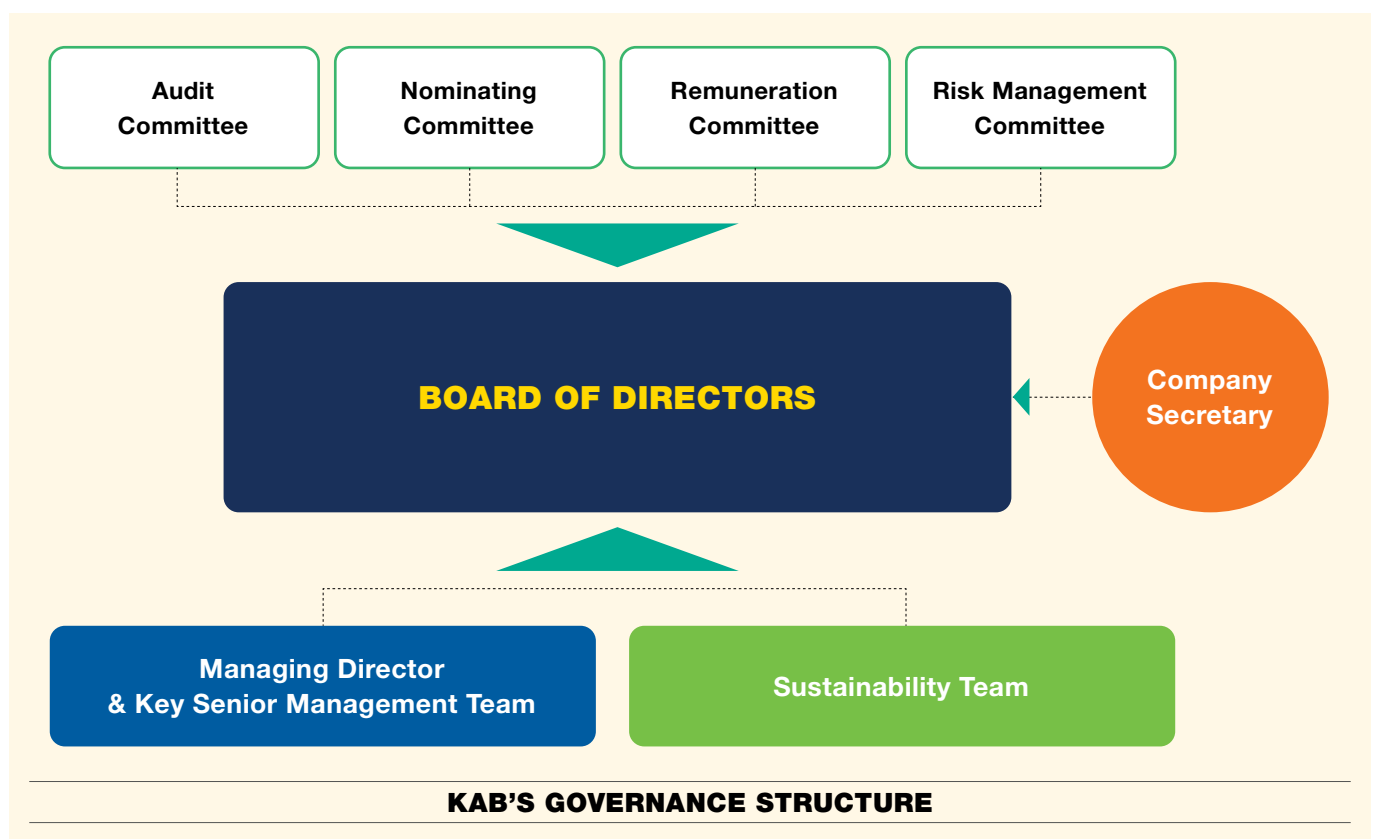
MCCG Practice	Applications by KAB
Practice 1.1 Key Responsibilities of the Board	<ul style="list-style-type: none"> ✓ Board’s strategic planning and direction to Executive Management ✓ Group business overview and financial performance oversight ✓ Risk Management oversight – assisted by Risk Management Committee (“RMC”) ✓ Internal Control and compliance – ensure robustness, adequate and with integrity ✓ Stakeholders’ communication – designated spokesperson for external parties and general public ✓ Human resources planning and remuneration – ensure Executive Management retain key senior management personnel with integrity and competence
Practice 4.7 Nominating Committee is chaired by an independent or senior independent 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 5.1 Formal and objective evaluation on Board, its Committees and each individual director	<ul style="list-style-type: none"> ✓ Facilitated by the Company Secretary, 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 Secretary

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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
<p>Step Up Practice 4.5</p> <p>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</p>	<ul style="list-style-type: none"> ✓ The Board has designated Ms. Lee Yee Looi ("Ms. Lee"), the General Manager for Corporate/ Human Resources as the Head of Sustainability Team ("SusTeam") ✓ As a key senior management personnel, Ms. Lee has been tasked to lead the SusTeam which comprise representatives from various departments/ operations such as Finance, Corporate, Mechanical & Engineering Business Segment, and Energy Business Segment
<p>Step Up Practice 8.4</p> <p>Audit Committee comprises solely of independent directors</p>	<ul style="list-style-type: none"> ✓ The Audit Committee ("AC") of KAB comprises three Independent Directors, namely Mr. Lu Chee Leong, Datuk Dr. Ong Peng Su and Ms. Tong Siut Moi
<p>Step Up Practice 9.3</p> <p>Risk Management Committee with a majority of independent directors</p>	<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



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PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

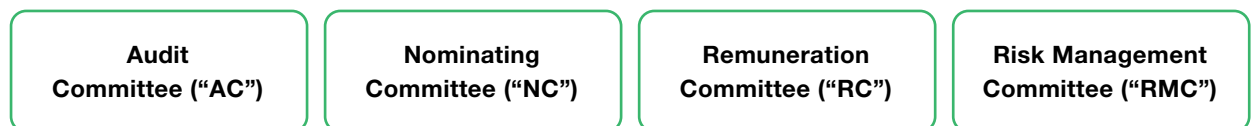
I. BOARD RESPONSIBILITIES

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:



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:

i. Reviewing and adopting a strategic plan for the Group

The Board provides direction and has in place a strategy planning process, where management presents its recommended strategy and business plans to the Board for review and approval before implementation. During the FY2021, the Group continued to focus on improving market growth and strengthening KAB's financial position. The Group views the venture into mechanical engineering projects as promising and wishes to increase its involvement in mechanical engineering projects. The Group will continue to seek and secure new business opportunities and to expand its existing business in electrical and mechanical engineering services.

ii. Overseeing the conduct of the Group's business

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

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

The RMC would oversee the Enterprise Risk Management of the Group, with the assistance of internal audit function. In managing the risk, the RMC would 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.

iv. 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.

During the FY2021, Mr. Yoong Kah Yin has resigned as Chairman of the Board on 15 April 2021. The Board, supported by the NC, has identified and appointed Datuk Dr. Ong Peng Su with effect from 15 April 2021, ensuring there was no gap in the Board Chairman's position.

The Board has also entrusted the MD with the responsibility to review candidates, compensation packages and oversee development for key senior management personnel.

v. Overseeing the development and implementation of a shareholder communication policy for the Company

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

vi. 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 ensures that there is a sound framework of 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. Details relating to the internal control system and review of effectiveness are available in the Statement on Risk Management and Internal Control as set out in this Annual Report. The Board meets at least every quarter and more frequently as and when business or operational needs arise. There are established procedures on the agenda, content and presentation of reports for each meeting so that all pertinent information is included. All Board members are supplied with information on a timely manner. Board papers are circulated in advance prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant financial and corporate issues, the Group's performance and any management proposals which required the approval of the Board.

To ensure an effective overall functioning of the Board, the Chairman with the assistance of the MD and Company Secretaries leads the Board in establishing and monitoring good corporate governance practices in the Company. The Chairman also chairs the Board Meetings and encourages active participation and healthy discussion to ensure that dissenting views can be freely expressed and discussed. Besides that, the Chairman ensures that decisions are taken on a sound and well-informed basis, including to ensure that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis. The positions of the Chairman and MD are held by different individuals with clearly defined and distinct roles which are documented in the Board Charter.

Corporate Governance Overview Statement

(B) Key Roles of the Chairman

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

The Independent Non-Executive Chairman is primarily responsible for:-

- 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.

(C) Separation of the positions of the Chairman and Managing Director

As outlined in the Board Charter, the Chairman is primarily responsible for matters pertaining to the Board and the overall conduct of the Company. The MD together with the Executive Directors oversee the running of the Group and the implementation of the Board's decisions, business strategies and policies. There is also a clear demarcation of responsibilities between the roles of the MD and Executive Directors to ensure a balance of authority and power, such that no one individual has unfettered powers of decision-making.

There are clear roles and responsibilities between the Chairman, MD, Executive Directors and Independent Non-Executive Directors of the Board.

The Chairman ensures that decisions are taken on a sound and well-informed basis, including ensuring that all strategic and critical issues are considered by the Board, and that all Directors receive the relevant information on a timely basis.

The MD and Executive Directors formulate strategic vision and business directions for the Group.

All Independent Non-Executive Directors do not participate in the daily operations and management of the Group. There are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgment. They are pivotal in bringing impartially and scrutiny to the Board's deliberation and decision-making process.

(D) Chairman of the Board should not be a member of the Audit Committee, Nominating Committee Remuneration Committee and Risk Management Committee

For FY2021, the Board has departed from the recommendation of Practice 1.4 of the MCCG whereby the Chairman of the Board should not be a member of the Board Committee. As at the date of this Report, Datuk Dr. Ong Peng Su is a member of AC.

Datuk Dr. Ong Peng Su is conscious of his differing roles in the Board and in the AC. All issues before recommending to the Board are thoroughly deliberated at the committee levels which involved the participation of the other two (2) independent directors. All recommendations by the Committees to the Board have been arrived at unanimously and this would have eliminated the risk of self-review.

In the immediate term of one to three years, the Board, with the assistance of the NC, would be looking into appointing another independent director to the Board, and subsequently as a member of the AC, thus relieving Datuk Dr. Ong Peng Su from assuming dual roles of Chairman of the Board as well as Member of the AC.

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(E) 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

Both the Company Secretaries 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.

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. Moreover, the Company Secretaries ensure that the deliberations at the Board meetings are well captured and minuted. The Company Secretaries also play a key role to facilitate communication between the Board and Management.

The duties of the Company Secretaries, amongst others, are as follows:-

- 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.

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. They have also attended various relevant continuous professional development programmes as required by MAICSA for practicing chartered secretaries.

During the FY2021, the Company Secretaries have attended relevant development and trainings programmes to enhance their ability in discharging their duties and responsibilities.

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(F) Supply and Access to Information

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

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, or to consult independent advisers, if they deemed necessary.

The Board may obtain all information pertaining to KAB from the management. 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.

(G) Board Charter

The Board is guided by a Board Charter. KAB was listed in November 2017 and the Board has adopted its Board Charter in year 2018 and was updated on 1 June 2020 to include the Anti-Bribery and Corruption policy, when the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 took effect. The latest Board Charter is available on KAB's website (www.asastera.com).

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

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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.

(H) 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 Code of Conduct and Ethics for Directors is published on the Company's website. The Ethics and Compliance Whistleblowing Policy and Procedures was adopted in year 2020 to replace the Whistle-blower Policy adopted in year 2018. The Ethics and Compliance Whistleblowing Policy and Procedures provides an avenue for raising concerns related to possible improprieties in matters of financial reporting compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation. The Ethics and Compliance Whistleblowing Policy and Procedures lays down the communication channel available and the aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimisation, harassment or subsequent discrimination. Any person who wishes to report a suspected impropriety may submit his/her report to the Chairman of the AC.

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

Intended Outcome 4.0

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

(I) Sustainability strategies, priorities and target

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

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

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

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II. BOARD COMPOSITION

Intended Outcome 5.0

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

(A) Composition of the Board

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

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

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

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

(B) Tenure of Independent Directors

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

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

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

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

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

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

For the FY2021, facilitated by the Company Secretary, an annual evaluation of the Board, its committees and all Directors was conducted on 24 February 2022.

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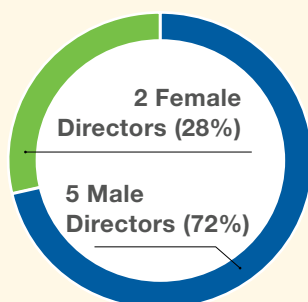
Re-appointment of Directors of the Company are in accordance with the Company's Constitution and good corporate governance practice. The performance of each Director of the Company was appraised by other Directors based on the characteristic of integrity, governance, participation, decision, independence,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

For the FY2021, 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 FY2021 reported that the Board continues to operate effectively.

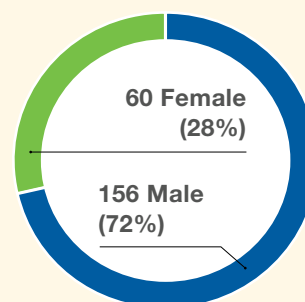
(D) Board Diversity

A gender diversity policy in accordance with the best practices of MCCG had been adopted in 2018. In FY2021, the Board comprised two (2) female Directors out of seven (7) Directors, representing 28% of the total Board members.



(E) Workforce Diversity

Our male and female employees' ratio shows a distribution of 72:28 as at 31 December 2021. Our total staff stood at 216 as at 31 December 2021.



(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 FY2021, 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	4/4	100
Lu Chee Leong	Independent Non-Executive Director	4/4	100
Young Kah Yin ⁽¹⁾	Independent Non-Executive Director	3/3	100

Note:

⁽¹⁾ Mr. Young resigned from the Board on 15 April 2021

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

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

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

- (a) Reviewed and confirmed the minutes of the NC meeting held in FY2021;
- (b) Examined the composition of the Board;
- (c) Evaluated the effectiveness of the Board and the Committees of the Board as a whole;
- (d) Evaluated the contribution and performance of each Director;
- (e) Reviewed the independence of the Independent Directors;
- (f) Reviewed and recommended to the Board on the re-election of the Directors on rotation at the forthcoming annual general meeting (“AGM”) of the Company;
- (g) Reviewed and recommended to the Board on the re-designation of the position of the Directors;
- (h) Reviewed and recommended to the Board on the appointment of new Directors; and
- (i) Performed exit interview with the resigned Directors.

(G) Time Commitment

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

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

(H) Board Meeting

To ensure attendance of Board meetings, the meeting dates for the calendar year are set and the Board usually confirms their attendance for each meeting. The attendance record of the Directors for FY2021 was satisfactory.

During the FY2021, the Board held a total of seven (7) meetings and details of the attendance record of the Board for FY2021 are set out below:

Name	Status of Directorship	Attendance	%
Datuk Dr. Ong Peng Su ⁽¹⁾	Independent Non-Executive Chairman	5/5	100
Dato' Lai Keng Onn	Managing Director	7/7	100
Choong Gaik Seng	Executive Director	7/7	100
Datin Chan Pey Kheng	Executive Director	7/7	100
Goh Kok Boon	Executive Director	7/7	100
Lu Chee Leong	Independent Non-Executive Director	7/7	100
Tong Siut Moi	Independent Non-Executive Director	7/7	100
Yoong Kah Yin ⁽²⁾	Independent Non-Executive Chairman	2/2	100
Dato' Chan Chee Hong ⁽³⁾	Non-Independent Non-Executive Director	1/1	100

Note:

⁽¹⁾ Datuk Dr. Ong appointed on 15 April 2021

⁽²⁾ Mr. Yoong resigned from the Board on 15 April 2021

⁽³⁾ Dato' Chan resigned from the Board on 22 March 2021

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.

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(I) Directors' Continuous Professional Development

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

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

During the FY2021, the Directors have attended various 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 are as appended below:-

Director	Date	Type	Training Programme
Datuk Dr. Ong Peng Su	12.06.2021	Training	Conduct of Directors and Common Pitfalls and Key Updates 2019 & 2020 Listing Requirements
	19.06.2021	Training	Transactions & RPT Rules Simplified and Dealings in Listed Securities, Closed Period & Insider Trading
	30.09.2021	Training	Understanding & Implementing the TCFD Recommendations
Dato' Lai Keng Onn	09.06.2021	Training	Introduction to Sustainability Reporting Using The GRI Standards
	12.06.2021	Training	Conduct of Directors and Common Pitfalls and Key Updates 2019 & 2020 Listing Requirements
	19.06.2021	Training	Transactions & RPT Rules Simplified and Dealings in Listed Securities, Closed Period & Insider Trading
	30.09.2021	Training	Understanding & Implementing the TCFD Recommendations
Datin Alicia Chan Pey Kheng	18.03.2021	Training	Taxation of Benefits-In-Kind and Employer's Tax Obligation
	31.03.2021	Training	Construction Payment Disputes and Resolution
	08.04.2021	Training	Project, Debt & Risk Management
	09.06.2021	Training	Introduction to Sustainability Reporting Using The GRI Standards
	12.06.2021	Training	Conduct of Directors and Common Pitfalls and Key Updates 2019 & 2020 Listing Requirements
	19.06.2021	Training	Transactions & RPT Rules Simplified and Dealings in Listed Securities, Closed Period & Insider Trading
	30.09.2021	Training	Understanding & Implementing the TCFD Recommendations
Choong Gaik Seng	09.06.2021	Training	Introduction to Sustainability Reporting Using The GRI Standards
	12.06.2021	Training	Conduct of Directors and Common Pitfalls and Key Updates 2019 & 2020 Listing Requirements
	19.06.2021	Training	Transactions & RPT Rules Simplified and Dealings in Listed Securities, Closed Period & Insider Trading
	30.09.2021	Training	Understanding & Implementing the TCFD Recommendations

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Director	Date	Type	Training Programme
Goh Kok Boon	09.06.2021	Training	Introduction to Sustainability Reporting Using The GRI Standards
	12.06.2021	Training	Conduct of Directors and Common Pitfalls and Key Updates 2019 & 2020 Listing Requirements
	19.06.2021	Training	Transactions & RPT Rules Simplified and Dealings in Listed Securities, Closed Period & Insider Trading
	30.09.2021	Training	Understanding & Implementing the TCFD Recommendations
Lu Chee Leong	18.01.2021	Training	Transfer Pricing - What is transfer pricing and its compliance requirements
	08.04.2021	Training	Technical Update on IFRS (MFRS) 2021
	12.06.2021	Training	Conduct of Directors and Common Pitfalls and Key Updates 2019 & 2020 Listing Requirements
	19.06.2021	Training	Transactions & RPT Rules Simplified and Dealings in Listed Securities, Closed Period & Insider Trading
	07.09.2021	Training	ESG Risk Management and Due Diligence
	30.09.2021	Training	Understanding & Implementing the TCFD Recommendations
	25.10.2021	Training	Board Assessment- A key cog in an effective governance structure
	02.12.2021	Training	MIA Ethics Webinar and Quiz
Tong Siut Moi	12.06.2021	Training	Conduct of Directors and Common Pitfalls and Key Updates 2019 & 2020 Listing Requirements
	19.06.2021	Training	Transactions & RPT Rules Simplified and Dealings in Listed Securities, Closed Period & Insider Trading
	04 & 05.08.2021	Training	Decoding Transaction & RPT Rules (Advanced Module)

2022 Training Needs

Upon review of the training needs of the Directors for the financial year ending 31 December 2022 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 FY2021.

Corporate Governance Overview Statement

(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 FY2021, the NC was satisfied with the performance of the Board and its Committees.

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

(c) Annual assessment of independence of Directors

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

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

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

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

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

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

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

(i) Re-election of existing Directors

All Directors are subject to re-election by shareholders after their first appointment on the forthcoming AGM. The Company's Constitution state 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 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 25th AGM pursuant to Clause 76(3) of the Constitution of the Company:-

- Mr. Choong Gaik Seng; and
- Mr. Goh Kok Boon
(collectively, the "Retiring Directors").

Corporate Governance Overview Statement

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 25th AGM of the Company. The Board would cordially invite shareholders to vote in favour in respect of the resolutions for the re-election of the Retiring Directors.

(ii) Re-appointment to the Board

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

None of the Directors shall retire at the forthcoming 25th AGM pursuant to Clause 78 of the Constitution of the Company.

III. REMUNERATION

Intended Outcome 7.0

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

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

(A) Remuneration Committee

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

Name	Status of Directorship
Tong Siut Moi (Chairperson)	Independent Non-Executive Director
Lu Chee Leong	Independent Non-Executive Director
Yoong Kah Yin ⁽¹⁾	Independent Non-Executive Director

Note:

⁽¹⁾ Mr. Yoong resigned from the Board on 15 April 2021

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 twice during the FY2021, reviewed and recommended to the Board for approval on the following matters:-

- minutes of the RC held in FY2021;
- Directors' fees for the financial year ending 31 December 2021;
- 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://asastera.com/>.

Corporate Governance Overview Statement

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 FY2021

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 25th Annual General Meeting scheduled on 27 May 2022.

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 FY2021 are as follows:

NAME OF DIRECTORS	DIRECTORS' FEE **	DIRECTORS' REMUNERATION				GRAND TOTAL
		SALARY	BONUS	BENEFITS IN KIND	OTHERS	
Executive						
LAI KENG ONN	-	1,053,920	280,000	25,000	180,000	1,538,920
CHOONG GAIK SENG	-	315,860	75,000	3,500	35,011	429,371
GOH KOK BOON	-	391,280	100,000	12,500	60,000	563,780
CHAN PEY KHENG	-	538,680	130,000	-	-	668,680
Non-Executive						
TONG SIUT MOI	72,000	-	-	-	-	72,000
LU CHEE LEONG	78,000	-	-	-	-	78,000
ONG PENG SU ⁽²⁾	213,333	-	-	-	-	213,333
CHAN CHEE HONG ⁽³⁾	15,000	-	-	-	-	15,000
YOONG KAH YIN ⁽⁴⁾	24,500	-	-	-	-	24,500
2021	402,833	2,299,740.00	585,000	41,000	275,011	3,603,584

Note:

⁽¹⁾ Employer's SOCSO & SIP are not included in the above figures

⁽²⁾ Datuk Dr. Ong is appointed as Chairman on 15 April 2021

⁽³⁾ Dato' Chan resigned on 22 March 2021

⁽⁴⁾ Mr. Yoong resigned on 15 April 2021

⁽⁵⁾ The figures above are expressed in MYR

(C) Details of top five (5) Senior Management's remuneration for the financial year ended 31 December 2021

The remuneration of the top five (5) Senior Management of the Group is as follows:-

Total Amount of Remuneration	Number of Senior Management
MYR 100,000 and below	-
MYR 100,001 to MYR 200,000	5
MYR 200,001 and above	-
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.

Corporate Governance Overview Statement

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

The AC currently comprises entirely of Independent Non-Executive Directors as follows:

Name	Status of Directorship
Lu Chee Leong (Chairman)	Independent Non-Executive Director
Tong Siut Moi	Independent Non-Executive Director
Datuk Dr. Ong Peng Su	Independent Non-Executive Chairman
Yoong Kah Yin ⁽¹⁾	Independent Non-Executive Director

Note:

⁽¹⁾ Mr. Yoong resigned from the Board on 15 April 2021

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 endeavour 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 balance 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 scrutinise 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 4 key areas:

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

Corporate Governance Overview Statement

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 FY2021.

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 FY2021, please refer to the Audit Committee Report in this Annual Report.

Intended Outcome 10.0

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

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

(B) Risk Management and Internal Control

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

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

Intended Outcome 11.0

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

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

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

Corporate Governance Overview Statement

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

(A) Communication with Stakeholders

Intended Outcome 12.0

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

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

Corporate Disclosure Policy

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

Dissemination of Information

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

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

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

Communication and Engagement with Shareholders

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

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

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

Corporate Governance Overview Statement

(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 2021 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.

In view of the COVID-19 pandemic, the Company took the necessary precautions and preventive measures in complying with the directive issued by Malaysian Ministry of Health. These include the option of remote shareholders' participation at the Annual General Meeting. The Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolution in general meeting.

Poll Voting

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

STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE CODE

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

The Board is of the opinion that for FY2021, 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 2022 ("FY2022"):

The key priorities of our CG Practices for FY2022 are as follows:

- Resilience and continuous adapting to the new normal due to the COVID-19 pandemic;
- 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;
- Adoption of a "Directors' Fit and Proper Policy" in compliance with the Main LR of Bursa Securities.

This Statement is approved by the Board of Directors at the Board Meeting held on 8 April 2022.

Audit Committee Report

The Board of Directors (“the Board”) of Kejuruteraan Asastera Berhad (“KAB” or “the Company”) is pleased to present the Audit Committee (“AC”) Report which provides insights as to the manner the AC discharged its functions for KAB and its subsidiary companies (“the Group”) for the financial year ended 31 December 2021 (“FY2021”).

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”).

Seven (7) meetings were held during FY2021 and the attendance of the AC members were as follows:

Directors	Designation	Directorate	Attendance
Lu Chee Leong	Chairman	Independent Non-Executive Director	7/7
Tong Siut Moi	Member	Independent Non-Executive Director	7/7
Datuk Dr. Ong Peng Su⁽¹⁾	Member	Independent Non-Executive Chairman	4/4
Yoong Kah Yin⁽²⁾	Member	Independent Non-Executive Chairman	3/3

Note:

⁽¹⁾ *Datuk Dr. Ong appointed on 15 April 2021*

⁽²⁾ *Mr. Yoong resigned from the Board on 15 April 2021*

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

No alternate director of the Board shall be appointed as a member of the AC. None of the AC members were 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 24 February 2022. The NC assented to the demonstrated satisfactory performance of the AC and each of its members in the discharge of functions, carrying out of duties and assumption of responsibilities, all in accordance with the Terms of Reference (“TOR”) of the AC. The NC has thus supported the Board in ensuring appropriate corporate governance standards within the Group.

Terms of Reference

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

MEETINGS

The AC met seven (7) times during the FY2021 as follows:-

No.	AC Meeting	Date of Meeting	Private sessions with External Auditors without Executive Board members and Management
1.	(1/2021) Special AC Meeting	22 January 2021	
2.	(1/2021) AC Meeting	25 February 2021	√
3.	(2/2021) AC Meeting	25 March 2021	√
4.	(3/2021) AC Meeting	20 May 2021	
5.	(4/2021) AC Meeting	24 August 2021	
6.	(2/2021) Special AC Meeting	28 October 2021	
7.	(5/2021) AC Meeting	26 November 2021	√

Audit Committee Report

The External Auditors had attended three (3) AC meetings held in the FY2021. The External Auditors were encouraged to raise with the AC any matters they considered important to bring to the AC's attention. For FY2021, three (3) private sessions were 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 for the External Auditors to carry out their duties effectively.

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

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

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

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

SUMMARY OF WORKS

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

1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial reports for the quarters ended 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021 and recommended the same for the Board's approval;
- Reviewed the draft audited financial statements for the FY2021 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 FY2021, 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 and 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, recommended the same 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 FY2021;
- Reviewed the proposed audit fees for FY2021 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.

Audit Committee Report

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 raised questions on management integrity at each AC quarterly meetings.

4. Oversight of Internal Auditors

- Reviewed and approved the annual internal audit plan for FY2021 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 identified key areas of concerns as well as highlighted 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 FY2021;
- Reviewed the solvency of the Company; and
- Reviewed Corporate Governance Overview Statement and AC Report.

INTERNAL AUDIT FUNCTION

1. Appointment

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

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

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

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

For FY2021, 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.

Audit Committee Report

2. Summary of Internal Audit Works for the FY2021

During the FY2021, 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 2021 to 31 December 2021 for Financial Reporting, Fixed Asset Management, Claim Management Contract, Procurement, Project Management and Administrative;
- The internal audit performed met the objective of highlighting to the AC the audit findings which required follow-up actions by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system;
- Presentation of audit findings and corrective actions to be taken by Management in the quarterly AC meetings;
- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe; and
- Reviewed and assessed the key observation of the internal audit function of the Company as well as the accompanying findings of the thematic reviews and key takeaways, issued by Bursa Securities.

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

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

3. Total Costs Incurred for the FY2021

The total fees incurred for the outsourced internal audit function of the Group for FY2021 is MYR27,400 (FY2020: MYR27,000).

This AC Report was presented and approved at the meeting of the Board of Directors held on 8 April 2022.

Statement On Risk Management and Internal Control

1. INTRODUCTION

The Board of Directors (“the Board”) is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control of Kejuruteraan Asastera Berhad (“KAB” or “the Company”) and its subsidiary companies (“the Group”) for the financial year ended 31 December 2021 (“FY2021”). This Statement on Risk Management and Internal Control is issued in line with the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) on the status of the Group’s compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code on Corporate Governance. The Board is committed to maintaining a sound system of internal control of the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the current financial year.

2. BOARD RESPONSIBILITIES

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

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

3. RISK MANAGEMENT FRAMEWORK

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

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

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 comprehensively identify and assess 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 reported to the Board at the scheduled Board meetings. This serves as the on-going process of identifying, assessing and managing risks faced by the Group and has been in place for the financial year under review and up to the date of approval of this statement for inclusion in the Annual report.

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

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

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

Statement On Risk Management and Internal Control

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 departments 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 FY2021.

5. MANAGEMENT WITH RESPONSIBILITIES AND ASSURANCE

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

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

6. BOARD ASSURANCE AND LIMITATION

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

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

This Statement was presented and approved at the meeting of the Board of Directors held on 8 April 2022.

7. CONCLUSION

The MD, being the person primarily responsible for the overseeing and managing of the operational affairs of the Company has provided assurance to the Board that the Group's risk management and internal control system, have been operated adequately and effectively, in all material aspects, based on the Group's policies and procedures. Under the purview of the MD and Executive Directors, the heads of department 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 to 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 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) Special Issue

The Special Issue to Bumiputera investors of 15,000,000 and 19,000,000 shares were completed on 8 May 2019 and 17 June 2019 respectively with total proceeds received at MYR6,800,000.

The proposed utilisation of the gross proceeds as at 31 December 2021 is as follows:-

Details of Utilisation	Proposed Utilisation MYR'000	Actual Utilisation MYR'000	Balance Unutilised MYR'000	Intended Timeframe for Utilisation
Acquisition and/or investment in other complementary business and/or assets	6,630	(6,630)	-	Within 24 months
Estimated expenses for the proposed Special Issue	170	(170)	-	Immediate
Total	6,800	(170)	6,001	

(ii) Private Placement

On 10 October 2019, Mercury Securities Sdn. Bhd. ("Mercury") had announced on behalf of the Board of Directors ("the Board") that Kejuruteraan Asastera Berhad ("KAB") proposed to undertake a private placement of up to 70,574,600 new ordinary shares in KAB ("Placement Shares") representing up to 20% of the total number of issued shares of KAB, to independent third-party investors to be identified later, at an issue price to be determined later ("Proposed Private Placement").

Bursa Malaysia Securities Berhad ("Bursa Securities") had on 17 October 2019 approved the listing and quotation of up to 70,574,600 Placement Shares to be issued pursuant to the proposed Private Placement. Bursa Securities had further approved the latest extension of time to 16 April 2021 for the Company to complete the implementation.

The shareholders of the Company had approved the Proposed Private Placement at an Extraordinary General Meeting of the Company held on 8 November 2019.

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

- On 29 November 2019, 16,230,000 Placement Shares had been issued at MYR0.5853 per Placement Share;
- On 13 November 2020, 6,033,600 Placement Shares had been issued at MYR0.8287 per Placement Share; and
- On 9 February 2021 issued 8,333,100 Placement Shares had been issued at MYR0.9000 per Placement Share.

On 16 April 2021, Mercury announced on behalf of the Board that the Company has decided not to place out the remaining Placement Shares of the Private Placement. As such, the Private Placement is deemed completed.

Additional Compliance Information

The utilisation of the gross proceeds from the Proposed Private Placement amounting to MYR 27.1 million is as follows:

Purposes	Proposed Utilisation MYR'000	Actual Proceed MYR'000	Actual Utilisation MYR'000	Balance Unutilised MYR'000	Intended Timeframe for Utilisation
Expansion of customised energy efficiency solutions business	17,000	17,000	(17,000)	-	Within 24 months
Project costs and expenses	4,500	4,500	(4,500)	-	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	4,694	143	(143)	-	Within 24 months
Estimated expenses for the proposed Private Placement	900	356	(356)	-	Immediate
Total	27,094	21,999	(21,999)	-	

(iii) Private Placement 2021

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

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

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

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

- On 13 September 2021, 23,000,000 Placement Shares 2021 had been issued at MYR0.4000 per Placement Share 2021;
- On 14 September 2021, 2,000,000 Placement Shares 2021 had been issued at MYR0.4000 per Placement Share 2021; and
- On 7 October 2021, 32,500,000 Placement Shares 2021 had been issued at MYR0.4000 per Placement Share 2021.
- On 16 November 2021, 28,600,000 Placement Shares 2021 had been issued at MYR0.3500 per Placement Share 2021.
- On 28 January 2022, 20,000,000 Placement Shares 2021 had been issued at MYR0.3019 per Placement Share 2021.

There are up to 63,080,000 remaining Placement Shares 2021 to be allotted and issued under the Proposed Private Placement 2021.

Additional Compliance Information

As at the date of this Annual Report, the proposed utilisation of the gross proceeds from the Proposed Private Placement 2021 amounting to MYR106,127 million is as follows:

Purposes	Proposed Utilisation ⁽¹⁾ MYR'000	Actual Proceed ⁽²⁾ MYR'000	Actual Utilisation MYR'000	Balance Unutilised MYR'000	Intended Timeframe for Unutilised
Repayment of Bank Borrowings	25,000	25,000	(25,000)	-	Within 6 months
Working Capital	15,000	11,341	(11,341)	-	Within 24 months
Funding for Energy Projects	50,000	2,340	(2,340)	-	Within 36 months
Tender Deposit, tender bond or performance bonds	15,507	-	-	-	Within 12 months
Estimated expenses for the proposed Private Placement	620	367	(367)	-	Immediate
Total	106,217	39,048	(39,048)	-	

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

⁽²⁾ The Company had issued a total of 106,100,000 Placement Shares 2021 at various prices to arrive at total proceeds of MYR39.05 million

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees incurred for services rendered to the Company and the Group by the external auditors for the financial year ended 31 December 2021 ("FY2021") are as follows:-

	Group MYR'000	Company MYR'000
Audit Fees	174	100
Non-Audit Fees	13	13
Total	187	113

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

The Company did not seek mandate from its shareholders on recurrent related party transactions during the FY2021.

Statement on Directors' Responsibility

This statement is prepared as required by the Main Market Listing Requirement ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Directors are required to prepare annual financial statement which are in accordance with applicable approved accounting standards; to give a true and fair view of the financial position of Kejuruteraan Asastera Berhad ("KAB" or "the Company") and its subsidiary companies ("the Group") as at the end of the financial year; and the financial performance of the Group for the financial year.

The Directors consider that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2021:-

- 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 8 April 2022.

Audited Financial Statements

31 December 2021

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Directors' Report

for the financial year ended 31 December 2021

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 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of provision of electrical and mechanical engineering services. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group MYR	Company MYR
Profit for the financial year attributable to: -		
Owners of the Company	4,071,868	5,578,059
Non-controlling interest	28,129	-
	4,099,997	5,578,059

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 2021.

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 provision 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 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.

Directors' Report

for the financial year ended 31 December 2021

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which 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 its 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 the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

SHARES AND DEBENTURES

During the financial year, the issued and paid up share capital of the Company was increased from 931,608,598 ordinary shares to 1,775,227,194 ordinary shares by way of an issue of: -

- a) 8,333,100 new ordinary shares for cash pursuant to the private placement at exercised price of MYR0.90 per ordinary shares;
- b) 749,185,496 new ordinary shares by way of subdivision of every 100 existing shares into 180 subdivided shares;
- c) 57,500,000 new ordinary shares for cash pursuant to the private placement at exercised price of MYR0.40 per ordinary shares; and
- d) 28,600,000 new ordinary shares for cash pursuant to the private placement at exercised price of MYR0.35 per ordinary shares.

Directors' Report

for the financial year ended 31 December 2021

SHARES AND DEBENTURES (CONT'D.)

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 2021, 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 18 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 shares;
- (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
- (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' Report

for the financial year ended 31 December 2021

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 - Managing Director
 Choong Gaik Seng
 Lu Chee Leong
 Tong Siut Moi
 Datin Chan Pey Kheng
 Goh Kok Boon
 Datuk Dr. Ong Peng Su (appointed on 15 April 2021)
 Yoong Kah Yin (resigned on 15 April 2021)
 Dato' Chan Chee Hong (resigned on 22 March 2021)

The directors who hold office in the subsidiary companies (excluding directors who are also directors of the Company) during the financial year until the date of this report are: -

Jonathan Wu Jo-Han
 Jesudason Selvaraj
 Lai Chuan Shenq
 ChanChai Kitprotpisuth
 Moo Yee Wan
 Heng Boon Liang
 Kong Chak Fung
 Foo Chew Sam
 Dato' Yau Kok Seng
 Noor Azri Bin Dato' Sri Noor Azerai
 Bradley John Knowles (Resigned on 27 December 2021)

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: -

Share capital of the Company	No. of ordinary shares			
	As at 1/1/2021	Additions	Sold	As at 31/12/2021
a) Shareholdings in which directors have direct interest in the Company: -				
Dato' Lai Keng Onn	374,080,000	294,590,600	(139,000,000)	529,670,600
Choong Gaik Seng	23,090,000	-	-	23,090,000
Goh Kok Boon	725,250	-	-	725,250
Datin Chan Pey Kheng	5,230,394	4,184,315	-	9,414,709
b) Shareholdings in which directors have indirect interest in the Company: -				
Dato' Lai Keng Onn*	-	137,050,000	(7,000,000)	130,050,000

* Indirect interest by virtue of his interest in Stocqtech Sdn. Bhd. & Fastrans Venture Sdn. Bhd.

Directors' Report

for the financial year ended 31 December 2021

DIRECTORS' INTERESTS (CONT'D.)

	No. of warrants			
	As at 1/1/2021	Additions	Sold	As at 31/12/2021
a) Directors have direct interest in the Company				
Dato' Lai Keng Onn	-	316,610,300	(275,261,500)	41,348,800
Choong Gaik Seng	-	20,781,000	(20,781,000)	-
Goh Kok Boon	-	677,025	-	677,025
Datin Chan Pey Kheng	-	4,707,354	-	4,707,354
b) Directors have indirect interest in the Company				
Dato' Lai Keng Onn*	-	11,700,000	-	11,700,000

* Deemed interest in the warrants held by Fastrans Venture 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 are deemed to be interested in the shares of the subsidiary companies during the financial year to the extent the Company has 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' REMUNERATION

The amounts of the remuneration of the directors or past directors of the Company comprising remunerations received or receivable from the Company or any of its subsidiary companies during the financial year are disclosed in Note 33 to the financial statements.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company or any of its subsidiary companies during the financial year.

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.

Directors' Report

for the financial year ended 31 December 2021

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 46 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.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

The total amount of indemnity given to or insurance premium paid for the director, officer or auditor of the Group and of the Company is as follow: -

	MYR
Directors	223,906

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events are disclosed in Note 47 to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are disclosed in Note 48 to the financial statements.

AUDITORS

- a) Detail of the auditors' remuneration for the Group and the Company is disclosed in Note 31 to the financial statements.
- b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

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: 8 April 2022

Independent Auditors' Report

to members of Kejuruteraan Asastera Berhad

(Incorporated in Malaysia, Registration No. 199701005009 (420505 – H))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kejuruteraan Asastera Berhad, which comprise the statements of financial position as at 31 December 2021 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 for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 165.

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 2021 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 Note 3(n) – Significant Accounting Policies and Note 28 – Revenue.

The Key Audit Matters

The Group and the Company recognise revenue from contract customers 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 contract customers of MYR148,089,061 and MYR147,759,651 respectively for the financial year ended 31 December 2021.

Independent Auditors' Report

to members of Kejuruteraan Asastera Berhad

(Incorporated in Malaysia, Registration No. 199701005009 (420505 – H))

Revenue Recognition (Cont'd.)

The Key Audit Matters (Cont'd.)

We focused on this area because there is key judgement involved in determining the following: -

- Stage of completion;
- Extent of contract costs incurred to date; and
- Estimated total contract costs.

How our audit addresses this matter

Our procedures included, amongst others: -

- Evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15, Revenue from Contracts with Customers;
- Read key contracts to obtain understanding of the specific terms and conditions;
- Identified and assessed key judgements inherent in the recognition of revenue and costs arising from contracts;
- Tested the operating effectiveness of the key controls in determination of the extent of costs incurred to-date;
- Corroborated the stage of completion with the level of completion based on actual costs incurred to-date over the estimated total costs;
- Agreed, on a sample basis, costs incurred to supporting documentation; i.e. invoices from vendors;
- Agreed total budgeted revenue, on a sample basis, of material projects to supporting documentation i.e. sales contracts; and
- Assessed the related disclosures in Note 3(n) and Note 28 to the financial statements.

Trade receivables

Refer to Note 10 – Trade Receivables.

The Key Audit Matters

As at 31 December 2021, the Group and the Company have outstanding trade receivables of MYR75,637,581 and MYR74,752,817 respectively. As the trade receivables represents approximately 29% and 33% of the total assets of the Group and of the Company and is material, we consider this as a key audit matter.

How our audit addresses this matter

Our procedures included, amongst others: -

- Obtained an understanding of the Group and of the Company's control over the trade receivables collection processes and made inquiries regarding the action plans to recover the overdue amounts;
- Reviewed the ageing analysis of trade receivables and test the reliability thereof;
- Reviewed subsequent collections from trade receivables; and
- Evaluated the reasonableness on the assessment of impairment loss to be provided on the trade receivables performed by the management.

Independent Auditors' Report

to members of Kejuruteraan Asastera Berhad
(Incorporated in Malaysia, Registration No. 199701005009 (420505 – H))

Property, plant and equipment

Refer to Note 4 – Property, Plant and Equipment

The Key Audit Matters

The carrying amount of the Group's property, plant and equipment ("PPE") amounted to MYR41,066,985 represent 16% of the Group's total assets as at 31 December 2021.

The management has assessed if there are indication of impairment and performed an assessment on the carrying amount of the PPE.

How our audit addresses this matter

Our procedures included, amongst others: -

- Reviewed and checked the ownership and physical existence of major PPE;
- Reviewed the insurance coverage of major items, if any; and
- Assessed and reviewed whether there is any indication that the assets may be impaired and the adequacy of impairment loss on the PPE.

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, Management Discussion and Analysis, Corporate Governance Overview Statement, Audit Committee Report and Statement of Risk Management and Internal Control included in the annual 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.

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.

Independent Auditors' Report

to members of Kejuruteraan Asastera Berhad

(Incorporated in Malaysia, Registration No. 199701005009 (420505 – H))

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.

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.

Independent Auditors' Report

to members of Kejuruteraan Asastera Berhad
(Incorporated in Malaysia, Registration No. 199701005009 (420505 – H))

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd.)

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

Kreston John & Gan

(AF 0113)
Chartered Accountants

Kuala Lumpur,
Date: 8 April 2022

Yong Chung Sin

Approval No: 02892/04/2022 J
Chartered Accountant

Consolidated Statement of Financial Position

31 December 2021

	Note	2021 MYR	2020 MYR
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	41,066,985	7,067,651
Investment properties	5	11,037,372	5,878,968
Right-of-use assets	6	2,079,917	2,139,339
Goodwill on consolidation	8	8,326,565	982,021
Deferred tax assets	9	129,026	119,026
Trade receivables	10	11,065,333	8,088,282
Total Non-Current Assets		73,705,198	24,275,287
Current Assets			
Inventories	11	890,746	325,596
Trade receivables	10	64,572,248	47,339,638
Contract assets	12	60,950,861	57,882,676
Other receivables, deposits and prepayments	13	13,883,973	6,767,286
Deposits with licensed banks	15	35,577,583	25,146,855
Cash and bank balances		8,781,557	3,003,948
Total Current Assets		184,656,968	140,465,999
Total Assets		258,362,166	164,741,286
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	16	93,809,253	53,299,463
Foreign currency translation reserves	17	33,130	(7,421)
Treasury shares	18	(4,231)	(4,231)
Retained profits	19	30,853,175	26,781,307
		124,691,327	80,069,118
Non-controlling interest	20	241,989	(102,387)
Total Equity		124,933,316	79,966,731
Non-Current Liabilities			
Borrowings	21	29,247,908	4,896,798
Lease liabilities	25	696,118	887,939
Deferred tax liabilities	9	43,000	-
Trade payables	26	4,070,488	2,836,196
Total Non-Current Liabilities		34,057,514	8,620,933
Current Liabilities			
Trade payables	26	43,638,118	41,739,999
Contract liabilities	12	11,797,295	7,984,123
Other payables and accruals	27	3,704,547	2,943,785
Borrowings	21	38,870,869	22,293,459
Lease liabilities	25	374,839	363,338
Current tax liabilities		985,668	828,918
Total Current Liabilities		99,371,336	76,153,622
Total Liabilities		133,428,850	84,774,555
Total Equity and Liabilities		258,362,166	164,741,286

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2021

	Note	2021 MYR	2020 MYR
Revenue	28	174,722,628	150,757,996
Cost of sales		(144,306,913)	(126,822,087)
Gross profit		30,415,715	23,935,909
Other income	29	1,446,309	1,233,355
Administrative expenses		(21,206,467)	(15,390,788)
Profit from operations		10,655,557	9,778,476
Finance costs	30	(3,155,946)	(1,140,207)
Profit before taxation	31	7,499,611	8,638,269
Income tax expense	34	(3,399,614)	(3,449,052)
Profit for the financial year		4,099,997	5,189,217
Other comprehensive income: -			
- foreign currency translation differences for foreign operation		40,551	(7,716)
Total comprehensive income for the financial year		4,140,548	5,181,501
Profit for the financial year attributable to: -			
Owners of the Company		4,071,868	5,287,777
Non-controlling interest		28,129	(98,560)
		4,099,997	5,189,217
Total comprehensive income for the financial year attributable to: -			
Owners of the Company		4,112,419	5,280,061
Non-controlling interest		28,129	(98,560)
		4,140,548	5,181,501
Basis earnings per share (sen)	35	0.27	0.63
Diluted earnings per share (sen)	35	0.17	0.32

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2021

	Non-Distributable			Distributable	Total MYR	Non-controlling interest MYR	Total equity MYR
	Share capital MYR	Foreign currency translation reserves MYR	Treasury shares MYR	Retained profits MYR			
Balance as at 1 January 2020	48,299,419	295	(241,347)	23,334,715	71,393,082	(36,320)	71,356,762
<i>Transactions with owners: -</i>							
Issuance of shares (Note 16)	5,000,044	-	-	-	5,000,044	-	5,000,044
Dividend paid (Note 36)	-	-	237,116	(2,544,009)	(2,306,893)	-	(2,306,893)
Acquisition of subsidiary companies	-	-	-	735,317	735,317	-	735,317
Acquisition of non-controlling interests in subsidiary companies	-	-	-	(32,493)	(32,493)	32,493	-
Total transactions with owners	5,000,044	-	237,116	(1,841,185)	3,395,975	32,493	3,428,468
Profit for the financial year	-	-	-	5,287,777	5,287,777	(98,560)	5,189,217
Other comprehensive income: -							
Foreign currency translation differences for foreign operating	-	(7,716)	-	-	(7,716)	-	(7,716)
Total comprehensive income for the financial year	-	(7,716)	-	5,287,777	5,280,061	(98,560)	5,181,501
Balance as at 31 December 2020	53,299,463	(7,421)	(4,231)	26,781,307	80,069,118	(102,387)	79,966,731
Balance as at 1 January 2021	53,299,463	(7,421)	(4,231)	26,781,307	80,069,118	(102,387)	79,966,731
<i>Transactions with owners: -</i>							
Issuance of shares (Note 16)	40,509,790	-	-	-	40,509,790	-	40,509,790
Acquisition of non-controlling interests in subsidiary companies	-	-	-	-	-	316,247	316,247
Total transactions with owners	40,509,790	-	-	-	40,509,790	316,247	40,826,037
Profit for the financial year	-	-	-	4,071,868	4,071,868	28,129	4,099,997
Other comprehensive income: -							
Foreign currency translation differences for foreign operating	-	40,551	-	-	40,551	-	40,551
Total comprehensive income for the financial year	-	40,551	-	4,071,868	4,112,419	28,129	4,140,548
Balance as at 31 December 2021	93,809,253	33,130	(4,231)	30,853,175	124,691,327	241,989	124,933,316

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

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2021

	Note	2021 MYR	2020 MYR
Cash flows from operating activities			
Profit before taxation		7,499,611	8,638,269
Adjustment for: -			
Depreciation of property, plant and equipment		2,969,053	596,447
Depreciation of investment properties		162,921	127,734
Depreciation of right-of-use assets		526,238	580,361
Fair value discounts on payables		40,300	(54,500)
Fair value discounts on receivables		(87,350)	86,100
Gain on disposal of investment property		-	(179,640)
Gain on disposal of property, plant and equipment		(55,999)	-
Impairment loss on trade receivables		400,000	150,000
Interest expenses		3,115,646	1,054,107
Interest income		(390,664)	(781,245)
Property, plant and equipment written off		38,195	-
Reversal of impairment loss on trade receivables		(482,500)	-
Operating profit before working capital changes		13,735,451	10,217,633
Changes in working capital: -			
Inventories		(562,722)	(325,596)
Trade receivables		(24,920,145)	(7,349,618)
Other receivables, deposits and prepayments		(6,851,604)	(2,064,657)
Contract assets/liabilities		744,987	(22,174,711)
Trade payables		2,787,459	428,335
Other payables and accruals		(2,709,864)	1,642,444
Cash used in operations		(17,776,438)	(19,626,170)
Interest paid		(3,115,646)	(1,054,107)
Interest received		390,664	781,245
Tax paid		(3,209,864)	(3,657,214)
Tax refund		-	5,000
Net cash used in operating activities		(23,711,284)	(23,551,246)
Cash flows from investing activities			
Addition of right-of-use assets	38	(266,817)	(141,650)
Acquisition of investment in subsidiary		(6,896,412)	523,703
Issuance of shares to non-controlling interest		316,247	-
Proceeds from disposal of investment property		-	780,000
Proceeds from disposal of property, plant and equipment		56,000	-
Purchase of property, plant and equipment		(13,883,312)	(1,889,185)
Net cash used in investing activities		(20,674,294)	(727,132)
Cash flow from financing activities			
Dividends paid		-	(2,306,893)
Drawdown of trade finance	39	51,263,066	24,795,730
Drawdown of term loans	39	7,871,324	-
Fixed deposits pledged as securities		(12,215,383)	(4,046,354)
Repayment of lease liabilities	39	(380,320)	(396,921)
Repayment of term loans	39	(940,901)	(1,467,147)
Repayment of trade finance	39	(37,206,988)	(19,257,841)
Proceeds from issuance of new shares		40,509,790	5,000,044
Net cash from financing activities		48,900,588	2,320,618
Net increase/(decrease) in cash and cash equivalents		4,515,010	(21,957,760)
Cash and cash equivalents at the beginning of the financial year		167,000	22,132,476
Effect of foreign exchange rate changes		41,362	(7,716)
Cash and cash equivalents at the end of the financial year	40	4,723,372	167,000

Statement of Financial Position

31 December 2021

	Note	2021 MYR	2020 MYR
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	4,519,078	4,783,816
Investment properties	5	9,165,650	5,878,968
Right-of-use assets	6	1,964,417	1,984,239
Investment in subsidiary companies	7	147,841	1,002,491
Deferred tax assets	9	69,026	119,026
Trade receivables	10	11,065,333	8,088,282
Total Non-Current Assets		26,931,345	21,856,822
Current Assets			
Trade receivables	10	63,687,484	47,116,490
Contract assets	12	60,950,861	57,882,676
Other receivables, deposits and prepayments	13	3,907,705	4,718,586
Amount due from subsidiary companies	14	35,329,162	5,776,392
Deposits with licensed banks	15	35,103,888	25,146,855
Cash and bank balances		2,100,594	2,732,532
Total Current Assets		201,079,694	143,373,531
Total Assets		228,011,039	165,230,353
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	16	93,809,253	53,299,463
Treasury shares	18	(4,231)	(4,231)
Retained profits	19	34,465,435	28,887,376
Total Equity		128,270,457	82,182,608
Non-Current Liabilities			
Borrowings	21	5,716,747	4,382,094
Lease liabilities	25	584,533	752,209
Trade payables	26	4,070,488	2,836,196
Total Non-Current Liabilities		10,371,768	7,970,499
Current Liabilities			
Trade payables	26	38,130,503	41,072,142
Contract liabilities	12	11,797,295	7,984,123
Other payables and accruals	27	2,641,070	2,815,926
Amount due to subsidiary companies	14	321,114	-
Borrowings	21	35,119,803	22,025,747
Lease liabilities	25	350,695	340,390
Current tax liabilities		1,008,334	838,918
Total Current Liabilities		89,368,814	75,077,246
Total Liabilities		99,740,582	83,047,745
Total Equity and Liabilities		228,011,039	165,230,353

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

Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2021

	Note	2021 MYR	2020 MYR
Revenue	28	167,826,823	149,960,326
Cost of sales		(142,891,700)	(125,782,403)
Gross profit		24,935,123	24,177,923
Other income	29	1,345,482	1,283,213
Administrative expenses		(15,664,430)	(13,512,692)
Profit from operations		10,616,175	11,948,444
Finance costs	30	(1,621,502)	(1,105,803)
Profit before taxation	31	8,994,673	10,842,641
Income tax expense	34	(3,416,614)	(3,449,052)
Profit for the financial year, representing total comprehensive income for the financial year		5,578,059	7,393,589

Statement of Changes in Equity

for the financial year ended 31 December 2021

	← Non-Distributable →		Distributable	Total MYR
	Share capital MYR	Treasury shares MYR	Retained profit MYR	
Balance as at 1 January 2020	48,299,419	(241,347)	24,037,796	72,095,868
<i>Transactions with owner: -</i>				
Issuance of share (Note 16)	5,000,044	-	-	5,000,044
Dividends paid (Note 36)	-	237,116	(2,544,009)	(2,306,893)
Total comprehensive income for the financial year	-	-	7,393,589	7,393,589
Balance as at 31 December 2020	53,299,463	(4,231)	28,887,376	82,182,608
<i>Transactions with owner: -</i>				
Issuance of share (Note 16)	40,509,790	-	-	40,509,790
Total comprehensive income for the financial year	-	-	5,578,059	5,578,059
Balance as at 31 December 2021	93,809,253	(4,231)	34,465,435	128,270,457

Statement of Cash Flows

for the financial year ended 31 December 2021

	Note	2021 MYR	2020 MYR
Cash flows from operating activities			
Profit before taxation		8,994,673	10,842,641
Adjustment for: -			
Depreciation of property, plant and equipment		406,957	426,588
Depreciation of investment properties		141,216	127,734
Depreciation of right-of-use assets		486,638	540,761
Fair value discounts on payables		40,300	(54,500)
Fair value discounts on receivables		(87,350)	86,100
Gain on disposal of investment properties		-	(179,640)
Gain on disposal of property, plant and equipment		(55,999)	-
Property, plant and equipment written off		4,747	-
Impairment loss on trade receivables		400,000	150,000
Reversal of impairment loss on trade receivables		(482,500)	-
Interest expenses		1,581,202	1,019,703
Interest income		(381,765)	(776,225)
Operating profit before working capital changes		11,048,119	12,183,162
Changes in working capital: -			
Trade receivables		(22,806,093)	(7,091,715)
Other receivables, deposits and prepayments		810,881	(119,057)
Amount due from subsidiary companies		(29,552,770)	(4,688,885)
Contract assets/liabilities		744,987	(22,174,710)
Trade payables		(1,747,647)	74,433
Other payables and accruals		(174,856)	1,560,250
Amount due to subsidiary companies		321,114	-
Cash used in operations		(41,356,265)	(20,256,522)
Interest paid		(1,581,202)	(1,019,703)
Interest received		381,765	776,225
Tax paid		(3,197,198)	(3,646,498)
Net cash used in operating activities		(45,752,900)	(24,146,498)
Cash flows from investing activities			
Addition of right-of-use assets	38	(266,817)	(141,650)
Investment in subsidiary companies		(146,201)	(900,540)
Proceeds from disposal of investment properties		-	780,000
Proceeds from disposal of property, plant and equipment		56,000	-
Purchase of property, plant and equipment		(146,966)	(95,203)
Net cash used in investing activities		(503,984)	(357,393)
Cash flow from financing activities			
Dividends paid		-	(2,306,893)
Drawdown of term loan	39	1,699,066	-
Drawdown of trade finance	39	51,263,066	24,795,730
Disposal of investment in subsidiaries		1,000,851	-
Fixed deposits pledged as securities		(11,741,688)	(4,046,354)
Repayment of lease liabilities	39	(357,371)	(377,599)
Repayment of term loans	39	(303,003)	(1,467,147)
Repayment of trade finance	39	(37,206,988)	(19,257,841)
Proceeds from issuance of new shares		40,509,790	5,000,044
Net cash from financing activities		44,863,723	2,339,940
Net decrease in cash and cash equivalents		(1,393,161)	(22,163,951)
Cash and cash equivalents at the beginning of the financial year		(104,416)	22,059,535
Cash and cash equivalents at the end of the financial year	40	(1,497,577)	(104,416)

Notes to the Financial Statements

31 December 2021

1. GENERAL INFORMATION

Kejuruteraan Asastera Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The addresses of the principal place of business and registered office of the Company are as follows: -

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

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 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 2021 do not include other entities.

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.

These financial statements were authorised for issue by the Board of Directors on 8 April 2022.

2. BASIS OF PREPARATION

a) Statement of compliance

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

The Group and the Company have applied the following accounting standards, interpretations and amendments of the MFRSs for the first-time for the financial year beginning on 1 January 2021: -

- Amendments to MFRS 4, Insurance Contracts, MFRS 7, Financial Instruments, MFRS 9, Financial Instruments, MFRS 16, Leases, MFRS 139, Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform – Phase 2
- Amendment to MFRS 16, Leases – COVID-19-Related Rent Concessions beyond 30 June 2021

Notes to the Financial Statements

31 December 2021

2. BASIS OF PREPARATION (CONT'D.)

a) Statement of compliance (Cont'd.)

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Business Combination – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

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

- MFRS 17, Insurance Contracts
- Amendment to MFRS 17, Insurance Contracts and 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
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Error – Definition of Accounting Estimates
- Amendment to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations: -

- from the annual period beginning on 1 January 2022 for those accounting standards, amendments or interpretations that are applicable to the Group and of the Company and effective for annual periods beginning on or after 1 January 2022; and
- from the annual period beginning on 1 January 2023 for those accounting standards, amendments or interpretations that are applicable to the Group and of the Company and effective for annual periods beginning on or after 1 January 2023.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

Notes to the Financial Statements

31 December 2021

2. BASIS OF PREPARATION (CONT'D.)

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

c) Functional and presentation currency

These financial statements are presented in Malaysian Ringgit ("MYR"), which is the Group's and 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. Actual results may differ from these estimates.

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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items:-

i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated that useful life of these assets to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over their useful life or the end of the lease term. 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.

iii) Measurement of Expected Credit Loss ("ECL") allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

iv) Impairment of investment in subsidiary companies

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts due from subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts due from subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

Notes to the Financial Statements

31 December 2021

2. BASIS OF PREPARATION (CONT'D.)

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items:- (Cont'd.)

iv) Impairment of investment in subsidiary companies (Cont'd.)

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

The carrying amounts of investment in subsidiary companies of the Company as at 31 December 2021 are as disclosed in Note 7 to the financial statements.

v) Classification of financial assets

The Group and the Company use their business model objectives as a basis to classify financial assets for subsequent measurements. The objectives of the Group and of the Company in managing investments in equity and debt instruments include those held for trading, managing for fair value changes and managing to collect contractual cash flows that are solely payments of principal and interest on principal. Management uses its judgement to determine the classification of each investment at the date of purchase on the basis of the Group's and of the Company's business model objectives. Investment in the same debt or equity instruments need not necessarily be classified in the same category for subsequent measurement.

vi) Revenue recognition from construction contracts

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the contract based on actual costs incurred to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

vii) Income tax expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements

31 December 2021

2. BASIS OF PREPARATION (CONT'D.)

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items:- (Cont'd.)

viii) Provision for liabilities and charges

Provisions can be distinguished from other liabilities because there is uncertainty about the timing or amount of settlement. The more common provisions recorded by the Group and the Company arise from obligations in relation to refunds, guarantees, onerous contracts and outstanding litigation.

The recognition and measurement of provisions require the Group and the Company to make significant estimates with regard to the probability (if the event is more likely than not to occur) that an outflow of resources will be required to settle the obligation and make assumptions whether a reliable estimate can be made of the amount of the obligation.

Moreover, the Group's and the Company's accounting policy require recognition of the best estimate of the amount that would be required to settle an obligation and the estimate may be based on information that produces a range of amounts. Since the measurement is based on present value, it involves making estimates around the appropriate discount rate in order to reflect the risks specific to the liability.

ix) Contingencies

Contingent liabilities of the Group and of the Company are not recognised but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities represent possible obligations that arise from past events and whose 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. They are not recognised because it is not probable that an outflow of resources will be required to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability.

Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Group and of the Company requires significant judgement.

x) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unabsorbed capital allowances and unutilised reinvestment allowance to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses, unabsorbed capital allowances and unutilised reinvestment allowance can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the Financial Statements

31 December 2021

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 Company. 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. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of these investees that significantly affect the investee's return.

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 investments 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 the cost of goodwill at the acquisition date as: -

- the fair values 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 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

a) Basis of consolidation (Cont'd.)

iii) Acquisitions from entities under common control

Business combinations arising from transfers 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 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 2021

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 statement 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.

Notes to the Financial Statements

31 December 2021

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 the 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 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

b) Financial instruments (Cont'd.)

ii) Financial instrument categories and subsequent measurement (Cont'd.)

Financial liabilities

At 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 in 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 the 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 recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the 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 the profit or loss.

Notes to the Financial Statements

31 December 2021

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 higher of: -

- A) The amount of the loss allowance; and
- B) The amount initially recognised loss, 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 the 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.

Notes to the Financial Statements

31 December 2021

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 also may 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 when 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 "other 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 to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

c) Property, plant and equipment (Cont'd.)

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.

Depreciation is recognised in profit or loss on a straight-line basis 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. Property, plant and equipment 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 principal annual rate of depreciation for other property, plant and equipment are as follows: -

	Rate (%)
Buildings	2
Electrical equipment	20
Furniture, fittings and equipment	10 - 20
Motor vehicles	20
Renovation	20

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted 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 2021

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 Group 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 as the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonable certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

d) Leases (Cont'd.)

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

b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 16 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

iii) Subsequent measurement

a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measure at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change their assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

e) Intangible assets

Goodwill

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

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they 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	2

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, annually.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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.

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

h) Impairment of assets (Cont'd.)

i) Financial assets (Cont'd.)

Loss allowances for trade receivable are always measured at an amount equal to lifetime expected credit loss.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or 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.

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

h) Impairment of assets (Cont'd.)

ii) Other assets

The carrying amounts of other assets (except for contract assets, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 currencies transactions and balances

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.

Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except for loans and advances that form part of the net investment in a foreign operation and transactions entered into in order to hedge foreign currency risks of net investments in foreign operations).

For loans and advances that form part of the net investment in a foreign operations, exchange differences are recognised in profit or loss in the separate financial statements of the parent company and/or the individual financial statements of the foreign operation. In the consolidated financial statements that include the foreign operation, the gain or loss recognised in profit or loss in the separate and/or individual financial statements is reversed and recognised in the consolidated other comprehensive income and accumulated in an exchange translation reserve.

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 issue of instruments classified as equity are recognised as a deduction from equity.

ii) Ordinary shares

Ordinary shares are classified as equity.

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

l) Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation can be estimated reliably.

ii) State plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). 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 assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

n) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

i) Construction contracts

Revenue from contract works is recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to-date against total estimated costs where the outcome of the project can be estimated reliably.

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.

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

n) Revenue and other income (Cont'd.)

ii) Services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

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 which 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.

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.

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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 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 their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

q) Operating segments

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

r) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Notes to the Financial Statements

31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

r) Earnings per share (Cont'd.)

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

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 statement 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 an inflow of economic benefit 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 statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

t) Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group 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 transfers.

Notes to the Financial Statements

31 December 2021

4. PROPERTY, PLANT AND EQUIPMENT

Group	At cost							
	As at 1.1.2021 MYR	Acquisition of subsidiary companies MYR	Additions MYR	Disposal MYR	Written off MYR	Transfer from right-of- use assets (Note 6) MYR	Translation differences MYR	As at 31.12.2021 MYR
Freehold land	260,000	-	-	-	-	-	-	260,000
Buildings	4,215,913	-	-	-	-	-	-	4,215,913
Furniture, fittings and equipment	1,592,134	-	53,233	-	(76,205)	-	(8,139)	1,561,023
Electrical equipment	652,435	-	7,876,398	-	(39,394)	-	-	8,489,439
Motor vehicles	2,123,275	-	136,716	(220,960)	-	178,150	-	2,217,181
Renovation	717,722	-	9,475	-	-	-	-	727,197
Plant and machinery	-	24,299,882	1,992,731	-	-	-	-	26,292,613
Plant and machinery work- in-progress	1,615,350	-	3,814,759	-	-	-	-	5,430,109
Total	11,176,829	24,299,882	13,883,312	(220,960)	(115,599)	178,150	(8,139)	49,193,475

Group	Accumulated depreciation							
	As at 1.1.2021 MYR	Acquisition of subsidiary companies MYR	Charge for the financial year MYR	Disposal MYR	Written off MYR	Transfer from right-of- use assets (Note 6) MYR	Translation differences MYR	As at 31.12.2021 MYR
Freehold land	-	-	-	-	-	-	-	-
Buildings	447,089	-	89,518	-	-	-	-	536,607
Furniture, fittings and equipment	915,196	-	199,894	-	(71,458)	-	(7,328)	1,036,304
Electrical equipment	142,895	-	155,893	-	(5,946)	-	-	292,842
Motor vehicles	1,928,709	-	112,991	(220,959)	-	178,149	-	1,998,890
Renovation	675,289	-	42,551	-	-	-	-	717,840
Plant and machinery	-	1,175,801	2,368,206	-	-	-	-	3,544,007
Plant and machinery work- in-progress	-	-	-	-	-	-	-	-
Total	4,109,178	1,175,801	2,969,053	(220,959)	(77,404)	178,149	(7,328)	8,126,490

Notes to the Financial Statements

31 December 2021

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

Group	At cost				
	As at 1.1.2020 MYR	Acquisition of subsidiary companies MYR	Additions MYR	Transfer from right-of-use assets (Note 6) MYR	As at 31.12.2020 MYR
Freehold land	260,000	-	-	-	260,000
Buildings	4,215,913	-	-	-	4,215,913
Furniture, fittings and equipment	1,197,656	120,643	273,835	-	1,592,134
Electrical equipment	652,435	-	-	-	652,435
Motor vehicles	1,530,215	-	-	593,060	2,123,275
Renovation	717,722	-	-	-	717,722
Plant and machinery work-in-progress	-	-	1,615,350	-	1,615,350
Total	8,573,941	120,643	1,889,185	593,060	11,176,829

Group	Accumulated depreciation				
	As at 1.1.2020 MYR	Acquisition of subsidiary companies MYR	Charge for the financial year MYR	Transfer from right-of-use assets (Note 6) MYR	As at 31.12.2020 MYR
Freehold land	-	-	-	-	-
Buildings	357,571	-	89,518	-	447,089
Furniture, fittings and equipment	610,054	108,634	196,508	-	915,196
Electrical equipment	10,107	-	132,788	-	142,895
Motor vehicles	1,210,825	-	124,824	593,060	1,928,709
Renovation	622,480	-	52,809	-	675,289
Plant and machinery work-in-progress	-	-	-	-	-
Total	2,811,037	108,634	596,447	593,060	4,109,178

Notes to the Financial Statements

31 December 2021

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

Group	← Carrying amount →	
	As at 31.12.2021 MYR	As at 31.12.2020 MYR
Freehold land	260,000	260,000
Buildings	3,679,306	3,768,824
Furniture, fittings and equipment	524,719	676,938
Electrical equipment	8,196,597	509,540
Motor vehicles	218,291	194,566
Renovation	9,357	42,433
Plant and machinery	22,748,606	-
Plant and machinery work-in-progress	5,430,109	1,615,350
Total	41,066,985	7,067,651

Company	← At cost →					
	As at 1.1.2021 MYR	Additions MYR	Disposal MYR	Written off MYR	Transfer from right-of- use assets (Note 6) MYR	As at 31.12.2021 MYR
Freehold land	260,000	-	-	-	-	260,000
Buildings	4,215,913	-	-	-	-	4,215,913
Furniture, fittings and equipment	1,285,878	10,250	-	(76,205)	-	1,219,923
Motor vehicles	2,123,275	136,716	(220,960)	-	178,150	2,217,181
Renovation	717,722	-	-	-	-	717,722
Total	8,602,788	146,966	(220,960)	(76,205)	178,150	8,630,739

Company	← Accumulated depreciation →					
	As at 1.1.2021 MYR	Charge for the financial year MYR	Disposal MYR	Written off MYR	Transfer from right-of- use assets (Note 6) MYR	As at 31.12.2021 MYR
Freehold land	-	-	-	-	-	-
Buildings	447,089	89,518	-	(71,458)	-	465,149
Furniture, fittings and equipment	767,885	162,055	-	-	-	929,940
Motor vehicles	1,928,709	112,991	(220,959)	-	178,149	1,998,890
Renovation	675,289	42,393	-	-	-	717,682
Total	3,818,972	406,957	(220,959)	(71,458)	178,149	4,111,661

Notes to the Financial Statements

31 December 2021

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

Company	At cost			
	As at 1.1.2020 MYR	Additions MYR	Transfer from right-of- use assets (Note 6) MYR	As at 31.12.2020 MYR
Freehold land	260,000	-	-	260,000
Buildings	4,215,913	-	-	4,215,913
Furniture, fittings and equipment	1,190,675	95,203	-	1,285,878
Motor vehicles	1,530,215	-	593,060	2,123,275
Renovation	717,722	-	-	717,722
Total	7,914,525	95,203	593,060	8,602,788

Company	Accumulated depreciation			
	As at 1.1.2020 MYR	Charge for the financial year MYR	Transfer from right-of- use assets (Note 6) MYR	As at 31.12.2020 MYR
Freehold land	-	-	-	-
Buildings	357,571	89,518	-	447,089
Furniture, fittings and equipment	608,448	159,437	-	767,885
Motor vehicles	1,210,825	124,824	593,060	1,928,709
Renovation	622,480	52,809	-	675,289
Total	2,799,324	426,588	593,060	3,818,972

Company	Carrying amount	
	As at 31.12.2021 MYR	As at 31.12.2020 MYR
Freehold land	260,000	260,000
Buildings	3,750,764	3,768,824
Furniture, fittings and equipment	289,983	517,993
Motor vehicles	218,291	194,566
Renovation	40	42,433
Total	4,519,078	4,783,816

Notes to the Financial Statements

31 December 2021

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

- i) The freehold land and buildings at carrying amount of MYR260,000 (2020 – MYR260,000), and MYR3,750,764 (2020 – MYR3,768,824) respectively have been pledged to licensed banks as securities for credit facilities granted to the Group and the Company as disclosed in Note 21 to the financial statements.
- ii) The costs of fully depreciated property, plant and equipment of the Group and of the Company are as follows: -

	Group and Company	
	2021 MYR	2020 MYR
Furniture, fittings and equipment	294,262	254,561
Motor vehicles	1,510,235	1,499,156
Renovation	535,771	502,780
	2,340,268	2,256,497

5. INVESTMENT PROPERTIES

Group	Freehold land MYR	Leasehold land MYR	Buildings MYR	Total MYR
2021				
At cost				
As at 1 January	470,789	3,473,910	2,155,022	6,099,721
Additional (Note 37)	731,357	1,242,202	3,347,766	5,321,325
As at 31 December	1,202,146	4,716,112	5,502,788	11,421,046
Accumulated depreciation				
As at 1 January	-	75,268	145,485	220,753
Charge for the financial year	-	71,549	91,372	162,921
As at 31 December	-	146,817	236,857	383,674
Carrying amount				
As at 31 December	1,202,146	4,569,295	5,265,931	11,037,372

Notes to the Financial Statements

31 December 2021

5. INVESTMENT PROPERTIES (CONT'D.)

Group	Freehold land MYR	Leasehold land MYR	Buildings MYR	Total MYR
2020				
At cost				
As at 1 January	594,277	3,473,910	2,720,284	6,788,471
Disposal	(123,488)	-	(565,262)	(688,750)
As at 31 December	470,789	3,473,910	2,155,022	6,099,721
Accumulated depreciation				
As at 1 January	-	5,790	175,619	181,409
Charge for the financial year	-	69,478	58,256	127,734
Disposal	-	-	(88,390)	(88,390)
As at 31 December	-	75,268	145,485	220,753
Carrying amount				
As at 31 December	470,789	3,398,642	2,009,537	5,878,968
Company				
2021				
At cost				
As at 1 January	470,789	3,473,910	2,155,022	6,099,721
Additional (Note 37)	391,879	1,242,202	1,793,817	3,427,898
As at 31 December	862,668	4,716,112	3,948,839	9,527,619
Accumulated depreciation				
As at 1 January	-	75,268	145,485	220,753
Charge for the financial year	-	71,549	69,667	141,216
As at 31 December	-	146,817	215,152	361,969
Carrying amount				
As at 31 December	862,668	4,569,295	3,733,687	9,165,650
2020				
At cost				
As at 1 January	594,277	3,473,910	2,720,284	6,788,471
Disposal	(123,488)	-	(565,262)	(688,750)
As at 31 December	470,789	3,473,910	2,155,022	6,099,721
Accumulated depreciation				
As at 1 January	-	5,790	175,619	181,409
Charge for the financial year	-	69,478	58,256	127,734
Disposal	-	-	(88,390)	(88,390)
As at 31 December	-	75,268	145,485	220,753
Carrying amount				
As at 31 December	470,789	3,398,642	2,009,537	5,878,968

Notes to the Financial Statements

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5. INVESTMENT PROPERTIES (CONT'D.)

Investment properties of the Group and of the Company comprise commercial and residential properties that are intended to be leased to third parties. No contingent rents are charged.

The freehold land and building at carrying amount of MYR300,120 (2020 – MYR300,120) and MYR1,075,430 (2020 – MYR1,105,442) respectively have been pledged to licensed bank as securities for credit facilities granted to the Group and to the Company as disclosed in Note 24 to the financial statements.

The total fair value of investment properties of the Group and of the Company as at financial year end was MYR11,510,398 and MYR9,638,676 respectively (2020 – MYR6,312,000). The fair value in total was arrived from Directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

Rental income of the Group and of the Company as at financial year end was MYR56,500 and MYR47,700 respectively (2020 – MYR59,625) is recognised in profit or loss in respect of the investment properties.

Fair value information

The fair value of investment properties of the Group and of the Company is categorised as follows: -

Group	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR
2021	-	-	11,510,398	11,510,398
2020	-	-	6,312,000	6,312,000
Company				
2021	-	-	9,638,676	9,638,676
2020	-	-	6,312,000	6,312,000

6. RIGHT-OF-USE ASSETS

Group	Leasehold land MYR	Motor vehicles MYR	Total MYR
2021			
At cost			
As at 1 January	760,000	2,544,040	3,304,040
Additional	-	466,817	466,817
Transfer to property, plant and equipment (Note 4)	-	(178,150)	(178,150)
As at 31 December	760,000	2,832,707	3,592,707
Accumulated depreciation			
As at 1 January	85,100	1,079,601	1,164,701
Charge for the financial year	15,200	511,038	526,238
Transfer to property, plant and equipment (Note 4)	-	(178,149)	(178,149)
As at 31 December	100,300	1,412,490	1,512,790
Carrying amount			
As at 31 December	659,700	1,420,217	2,079,917

Notes to the Financial Statements

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

Group	Leasehold land MYR	Motor vehicles MYR	Total MYR
2020			
At cost			
As at 1 January	760,000	2,455,450	3,215,450
Additional	-	681,650	681,650
Transfer to property, plant and equipment (Note 4)	-	(593,060)	(593,060)
As at 31 December	760,000	2,544,040	3,304,040
Accumulated depreciation			
As at 1 January	69,900	1,107,500	1,177,400
Charge for the financial year	15,200	565,161	580,361
Transfer to property, plant and equipment (Note 4)	-	(593,060)	(593,060)
As at 31 December	85,100	1,079,601	1,164,701
Carrying amount			
As at 31 December	674,900	1,464,439	2,139,339
Company			
2021			
At cost			
As at 1 January	760,000	2,346,040	3,106,040
Additional	-	466,817	466,817
Transfer to property, plant and equipment (Note 4)	-	(178,150)	(178,150)
As at 31 December	760,000	2,634,707	3,394,707
Accumulated depreciation			
As at 1 January	85,100	1,036,701	1,121,801
Charge for the financial year	15,200	471,438	486,638
Transfer to property, plant and equipment (Note 4)	-	(178,149)	(178,149)
As at 31 December	100,300	1,329,990	1,329,990
Carrying amount			
As at 31 December	659,700	1,304,717	1,964,417

Notes to the Financial Statements

31 December 2021

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

Company	Leasehold land MYR	Motor vehicles MYR	Total MYR
2020			
At cost			
As at 1 January	760,000	2,257,450	3,017,450
Additional	-	681,650	681,650
Transfer to property, plant and equipment (Note 4)	-	(593,060)	(593,060)
As at 31 December	760,000	2,346,040	3,106,040
Accumulated depreciation			
As at 1 January	69,900	1,104,200	1,174,100
Charge for the financial year	15,200	525,561	540,761
Transfer to property, plant and equipment (Note 4)	-	(593,060)	(593,060)
As at 31 December	85,100	1,036,701	1,121,801
Carrying amount			
As at 31 December	674,900	1,309,339	1,984,239

The leasehold land at carrying amount of MYR659,700 (2020 – MYR674,900) has been pledged to licensed banks as securities for credit facilities granted to the Group and to the Company as disclosed in Note 24 to the financial statements.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2021 MYR	2020 MYR
Unquoted shares, at costs: -		
- Within Malaysia	147,300	1,001,950
- Outside Malaysia	541	541
	147,841	1,002,491

On 1 March 2021, the Company disposed of the entire equity interest in KAB Carewell O&M Sdn. Bhd. (formerly known as KAB M&E Engineering Sdn. Bhd.) to KAB Energy Power Sdn. Bhd., a subsidiary company of the Company.

On 15 October 2021 and 16 November 2021, the Company disposed of the entire equity interest in KAB Technologies Sdn. Bhd. and KAB Smart Solar Energy Sdn. Bhd. respectively to KAB Energy Holdings Sdn. Bhd., a subsidiary company of the Company.

Notes to the Financial Statements

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

The details of the subsidiary companies are as follow: -

Name of subsidiary companies	Place of incorporation	Principal activity	Effective Ownership interest	
			2021 %	2020 %
KAB Energy Holdings Sdn. Bhd. #	Malaysia	Investment holding of shares	100	-
KAB Energy Power Sdn. Bhd. #	Malaysia	To raise financing via the proposed issuance of Sukuk Murabahah of up to MYR500,000,000.00 in nominal value from time to time pursuant to the Multi-Currency Sukuk Programme and investment holding of shares	100	100
Eliq Management Sdn. Bhd. #	Malaysia	Dormant since incorporation. Intended principal activities are investment properties and management services	100	100
KAB Telco Sdn. Bhd.®	Malaysia	Dormant since incorporation. Intended principal activities are telecommunication	100	-
KAB Signature Management Sdn. Bhd.®	Malaysia	Dormant since incorporation. Intended principal activities are provision services of accounting, finance, administrative, human resource and management to its related companies	100	-
KAB Robotic and Automation Solutions Sdn. Bhd.®	Malaysia	Distributing, marketing, selling and other ancillary services for ultraviolet C Disinfection system and other robotic solution	70	-
KAB Bintai Energy Sdn. Bhd.®	Malaysia	Dormant since incorporation. Intended principal activities are undertaking solar projects and its related business	60	-
KAB (HK) Investment Co., Ltd. **	Hong Kong	Dormant since incorporation. Intended principal activity is Investment holding of shares	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 Sdn. Bhd. (Formerly known as KAB M&E Engineering Sdn. Bhd.) #	Malaysia	Operation and maintenance services for any kind of equipment and facilities	100	100
Dynagen Power (M) Sdn. Bhd. (Formerly known as Konpro Industries Sdn. Bhd.) #	Malaysia	Operation of generation facilities that produce electric energy and transmission, distribution and sales of electricity	100	-

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

The details of the subsidiary companies are as follow: - (Cont'd.)

Name of subsidiary companies	Place of incorporation	Principal activity	Effective Ownership interest	
			2021 %	2020 %
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	85
KAB Core Connect Services Sdn. Bhd. #	Malaysia	Dormant since incorporation. Intended principal activities are provision of operation and maintenance services	100	-
Subsidiary companies of KAB Robotics and Automation Sdn. Bhd.				
iSenze Sdn. Bhd. #	Malaysia	General trading	100	-
Subsidiary companies 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	-
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	80
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	-
KAB Technologies (Thai) Co., Ltd. *	Thailand	Investment holding of shares	89	89

Notes to the Financial Statements

31 December 2021

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

The details of the subsidiary companies are as follow: - (Cont'd.)

Name of subsidiary companies	Place of incorporation	Principal activity	Effective Ownership interest	
			2021 %	2020 %
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	-
KAB Gree Solar Sdn. Bhd. #	Malaysia	Dormant since incorporation. Intended principal activities are developing, financing, constructing, operating, and maintaining solar photovoltaic project and projects involving green technology	100	-
Subsidiary companies of KAB Technologies (Thai) Co., Ltd.				
Energy Optimization (Thailand) Co., Ltd. *	Thailand	Design and implementation of energy saving equipment	^49.99	^49.99
Subsidiary companies of 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	-

^ Although the Group has less than 50% of the ownership in the equity interest of Energy Optimisation Technologies Co. Ltd., the Group has determined that it has control through representation on the subsidiary's Board of Directors.

The auditors' report of the subsidiary companies contains an emphasis of material uncertainty related to going concern.

* Audited by a firm other than Kreston John & Gan.

@ The unaudited management accounts were consolidated in the Group financial statements as these subsidiaries were newly incorporated at the end of the financial year and remain dormant.

Notes to the Financial Statements

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

On 25 October 2021, the Group acquired Dynagen Power (M) Sdn. Bhd. (formerly known as Konpro Industries Sdn. Bhd.) of 2,500,000 ordinary shares for a total consideration of MYR6,655,752.

On 30 November 2021, the Group acquired iSense Sdn. Bhd. of 1,000 ordinary shares for a total consideration of MYR745,006.

Fair value of the identifiable assets acquired and liabilities recognised: -

2021	Dynagen Power (M) Sdn. Bhd. (Formerly known as Konpro Industries Sdn. Bhd.) MYR	iSense Sdn. Bhd. MYR	Total MYR
Cash considerations paid	6,655,752	745,006	7,400,758
Plant and equipment	23,124,082	-	23,124,082
Inventories	-	2,428	2,428
Trade receivables	433,090	7,900	440,990
Other receivables and deposits	265,083	-	265,083
Cash and bank balances	502,091	2,255	504,346
Trade payables	(304,652)	-	(304,652)
Other payables	(3,443,067)	(20,366)	(3,463,433)
Borrowings	(20,505,437)	(7,193)	(20,512,630)
	71,190	(14,976)	56,214
Goodwill arises on acquisition	6,584,562	759,982	7,344,544

2020	Energy Optimization (Thailand) Co., Ltd MYR	KIEV CRG Sdn. Bhd. MYR	Total MYR
Cash considerations paid	629,184	250,000	879,184
Plant and equipment	15,228	-	15,228
Loan receivable	369,433	-	369,433
Inventories	265,991	-	265,991
Trade receivables	170,327	-	170,327
Other receivables and deposits	1,366	-	1,366
Cash and bank balances	111,135	10	111,145
Trade payables	(297,232)	-	(297,232)
Other payables	(43,139)	(2,063)	(45,202)
Borrowings	(693,893)	-	(693,893)
	(100,784)	(2,062)	(102,837)
Goodwill arises on acquisition	729,968	252,053	982,021

Notes to the Financial Statements

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8. GOODWILL ON CONSOLIDATION

	Group	
	2021 MYR	2020 MYR
As at 1 January	982,021	-
Additions	7,344,544	982,021
As at 31 December	8,326,565	982,021

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("CGUs") identified according to the particular subsidiary companies which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit is as follows: -

	Group	
	2021 MYR	2020 MYR
Trading	759,982	-
Services	7,566,583	982,021
	8,326,565	982,021

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit 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 5% (2020 – 8%) was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on the CGU's weighted average cost of capital.

9. DEFERRED TAX ASSETS/(LIABILITIES)

The analysis of deferred tax assets/(liabilities) are as follows: -

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Deferred tax assets	129,026	119,026	69,026	119,026
Deferred tax liabilities	(43,000)	-	-	-
	86,026	119,026	69,026	119,026

Notes to the Financial Statements

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

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

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
As at 1 January	119,026	119,026	119,026	119,026
Transferred from profit or loss (Note 34)	(33,000)	-	(50,000)	-
As at 31 December	86,026	119,026	69,026	119,026

The components and movements of deferred tax assets and liabilities during the financial year the following show after offsetting are as follows: -

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Deferred tax assets				
- Fair value gain on receivables	238,260	238,560	238,260	238,560
- Unutilised tax losses	12,837	-	-	-
- Unabsorbed capital allowances	3,477,472	-	-	-
Offsetting	(3,642,543)	(119,534)	(169,234)	(119,534)
	86,026	119,026	69,026	119,026
Deferred tax liabilities				
- Property, plant and equipment	(3,555,373)	(35,774)	(82,064)	(35,774)
- Fair value gain on payables	(87,170)	(83,760)	(87,170)	(83,760)
Offsetting	3,642,543	119,534	169,234	119,534
	-	-	-	-

Unutilised tax losses and unabsorbed capital allowances of the Group amounted to MYR2,793,716 (2020 – MYR1,492,063) and MYR274,178 (2020 – MYR396,145) 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, to be carried forward for a maximum of ten (10) consecutive years of assessment, this section has effect from the year of assessment 2019 onwards.

Notes to the Financial Statements

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10. TRADE RECEIVABLES

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Non-Current Assets				
Third parties	11,065,333	8,088,282	11,065,333	8,088,282
Current Assets				
Third parties	64,572,248	47,339,638	63,687,484	47,116,490
	75,637,581	55,427,920	74,752,817	55,204,772

The normal credit terms of trade receivables range from 30 to 90 days (2020 – 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 are retentions sum of MYR22,672,437 (2020 – MYR22,729,754) relating to construction contracts. Retentions sum are unsecured, interest-free and are expected to be collected as follows: -

	Group and Company	
	2021 MYR	2020 MYR
Within 1 year	11,607,104	14,641,472
More than 1 year and less than 2 years	4,342,652	2,619,267
More than 2 years and less than 5 years	6,722,681	5,469,015
	22,672,437	22,729,754

Analysis of retentions sum on deferred payment terms with discount rate of 5% (2020 – 8%) per annum, being the weighted average cost of capital of the Group and of the Company as at financial year end, are as follows: -

	Group and Company	
	2021 MYR	2020 MYR
Nominal value	23,665,187	23,809,854
Discount	(992,750)	(1,080,100)
	22,672,437	22,729,754

11. INVENTORIES

	Group	
	2021 MYR	2020 MYR
At costs:-		
- Finished goods	890,746	325,596

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12. CONTRACT ASSETS/(LIABILITIES)

	Group and Company	
	2021 MYR	2020 MYR
Contract assets	60,950,861	57,882,676
Contract liabilities	(11,797,295)	(7,984,123)
Represented by: -		
Contract assets		
Aggregate cost recognised to date	380,270,022	333,139,296
Add: Attributable profits	108,495,009	95,841,140
	488,765,031	428,980,436
Less: Progress billings	(427,814,170)	(371,097,760)
	60,950,861	57,882,676
Contract liabilities		
Aggregate cost recognised to date	177,472,895	169,516,878
Add: Attributable profits	50,134,406	46,047,889
	227,607,301	215,564,767
Less: Progress billings	(239,404,596)	(223,548,890)
	(11,797,295)	(7,984,123)

Included in progress billings are retentions sum of MYR22,672,437 (2020 – MYR22,729,754).

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Other receivables	1,719,083	2,012,717	383,447	722,312
Deposits	8,112,394	4,753,067	3,524,258	3,994,772
Prepayments	4,052,496	1,502	-	1,502
	13,883,973	6,767,286	3,907,705	4,718,586

14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

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

15. DEPOSITS WITH LICENSED BANKS

Included in deposits with licensed banks of the Group and of the Company are amounts of MYR29,349,796 (2020 - MYR17,134,413) and MYR28,876,101 (2020 - MYR17,134,413) 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 24 to the financial statements.

The effective interest rates of fixed deposits with licensed banks during the financial year are range from 1.55% to 1.80% (2020 – 1.30% to 2.65%) per annum.

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16. SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	Number of shares		MYR	MYR
Issued and fully paid				
Ordinary shares with no par value: -				
Balance as at 1 January	931,608,598	370,230,000	53,299,463	48,299,419
Issuance of shares	94,433,100	6,033,600	40,509,790	5,000,044
Share split	749,185,496	555,344,998	-	-
Balance as at 31 December	1,775,227,194	931,608,598	93,809,253	53,299,463

During the financial year, the issued and paid up share capital of the Company was increased from 931,608,598 ordinary shares to 1,775,227,194 ordinary shares by way of an issue of: -

- 8,333,100 new ordinary shares for cash pursuant to the private placement at exercised price of MYR0.90 per ordinary shares.;
- 749,185,496 new ordinary shares by way of subdivision of every 100 existing shares into 180 subdivided shares;
- 57,500,000 new ordinary shares for cash pursuant to the private placement at exercised price of MYR0.40 per ordinary shares; and
- 28,600,000 new ordinary shares for cash pursuant to the private placement at exercised price of MYR0.35 per ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank pari-passu with regard to the Company's residual assets.

17. FOREIGN CURRENCY TRANSLATION RESERVES

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 as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

18. TREASURY SHARES

At the end of the reporting period, 88,898 (2020 – 49,388) issued and fully paid ordinary shares are held as treasury shares by the Company. During the financial year, 39,510 shares were issued by way of subdivision of every 100 existing shares into 180 subdivided shares.

19. RETAINED PROFITS

The Company may distribute dividend out of its retained profits under the single tier system which are tax exempt in the hands of shareholders.

Notes to the Financial Statements

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20. NON-CONTROLLING INTEREST

	Group	
	2021 MYR	2020 MYR
As at 1 January	(102,387)	(36,320)
Acquisition of non-controlling interest in prior year	(30,252)	32,493
Share of non-controlling interest for subsidiary company incorporated during the financial year	346,499	-
Transferred from profit or loss	28,129	(98,560)
As at 31 December	241,989	(102,387)

21. BORROWINGS

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Non-Current Liabilities				
<u>Secured</u>				
Term loans	29,247,908	4,896,798	5,716,747	4,382,094
Current Liabilities				
<u>Secured</u>				
Trade finance	24,965,763	10,909,685	24,965,763	10,909,685
Bank overdrafts	10,285,972	10,849,390	9,825,958	10,849,390
Term loans	3,619,134	534,384	328,082	266,672
	38,870,869	22,293,459	35,119,803	22,025,747
Total borrowings				
<u>Secured</u>				
Trade finance (Note 22)	24,965,763	10,909,685	24,965,763	10,909,685
Bank overdraft (Note 23)	10,285,972	10,849,390	9,825,958	10,849,390
Term loans (Note 24)	32,867,042	5,431,182	6,044,829	4,648,766
	68,118,777	27,190,257	40,836,550	26,407,841

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

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Trade finance	2.07 – 3.65	4.21 – 5.01	2.07 – 3.65	4.21 – 5.01
Bank overdrafts	7.45 – 9.95	7.45 – 9.95	7.45 – 9.95	7.45 – 9.95
Term loans	5.51 – 7.00	6.65 – 7.30	5.57 – 7.00	6.65 – 7.00

Notes to the Financial Statements

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22. TRADE FINANCE

Group and Company

Secured

The trade finance are secured by the following: -

- i) first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements; and
- ii) a lien over fixed deposits of the Company.

23. BANK OVERDRAFT

Group and Company

Secured

The bank overdraft are secured by the following: -

- i) first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements; and
- ii) a lien over fixed deposits of the Company.

24. TERM LOANS

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Secured				
Term loan 1	2,100,000	2,300,000	2,100,000	2,300,000
Term loan 2	699,976	766,648	699,976	766,648
Term loan 3	1,245,529	1,241,733	1,245,529	1,241,733
Term loan 4	482,485	340,385	482,485	340,385
Term loan 5	529,147	782,416	-	-
Term loan 6	1,516,839	-	1,516,839	-
Term loan 7	1,300,000	-	-	-
Term loan 8	3,813,246	-	-	-
Term loan 9	18,689,729	-	-	-
Term loan 10	2,490,091	-	-	-
	32,867,042	5,431,182	6,044,829	4,648,766

Notes to the Financial Statements

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24. TERM LOANS (CONT'D.)

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Repayable as follows: -				
Non-current liabilities				
- Later than one year and not later than two years				
Term loan 1	400,000	400,000	400,000	400,000
Term loan 2	133,344	133,344	133,344	133,344
Term loan 3	54,552	-	54,552	-
Term loan 4	28,181	-	28,182	-
Term loan 5	249,652	267,712	-	-
Term loan 6	1,516,839	-	1,516,839	-
Term loan 7	97,859	-	-	-
Term loan 8	3,813,246	-	-	-
Term loan 9	15,712,092	-	-	-
Term loan 10	-	-	-	-
	22,005,765	801,056	2,132,917	533,344
- Later than two years and not later than five years				
Term loan 1	600,000	600,000	600,000	600,000
Term loan 2	200,016	200,016	200,016	200,016
Term loan 3	184,678	-	184,678	-
Term loan 4	90,217	-	90,217	-
Term loan 5	29,844	246,992	-	-
Term loan 6	-	-	-	-
Term loan 7	407,958	-	-	-
Term loan 8	-	-	-	-
Term loan 9	-	-	-	-
Term loan 10	2,490,091	-	-	-
	4,002,804	1,047,008	1,074,911	800,016
- Later than five years				
Term loan 1	900,000	1,100,000	900,000	1,100,000
Term loan 2	299,944	366,616	299,944	366,616
Term loan 3	972,175	-	972,175	-
Term loan 4	336,800	1,241,733	336,800	1,241,733
Term loan 5	-	-	-	-
Term loan 6	-	340,385	-	340,385
Term loan 7	730,420	-	-	-
Term loan 8	-	-	-	-
Term loan 9	-	-	-	-
Term loan 10	-	-	-	-
	3,239,339	3,048,734	2,508,919	3,048,734

Notes to the Financial Statements

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24. TERM LOANS (CONT'D.)

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Repayable as follows: - (Cont'd.)				
Current liabilities				
- Not later than one year				
Term loan 1	200,000	200,000	200,000	200,000
Term loan 2	66,672	66,672	66,672	66,672
Term loan 3	34,124	-	34,124	-
Term loan 4	27,286	-	27,286	-
Term loan 5	249,652	-	-	-
Term loan 6	-	-	-	-
Term loan 7	63,763	267,712	-	-
Term loan 8	-	-	-	-
Term loan 9	2,977,637	-	-	-
Term loan 10	-	-	-	-
	3,619,134	534,384	328,082	266,672
	32,867,042	5,431,182	6,044,829	4,648,766

Secured

Term loan 1

The term loan 1 is secured by the following: -

- i) first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 and Note 6 to the financial statements; and
- ii) a lien over fixed deposits of the Company.

The term loan 1 is repayable by 180 monthly instalments of MYR16,668.

Term loan 2

The term loan 2 is secured by the following: -

- i) first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 and Note 6 to the financial statements; and
- ii) a lien over fixed deposits of the Company.

The term loan 2 is repayable by 180 monthly instalments of MYR5,556.

Notes to the Financial Statements

31 December 2021

24. TERM LOANS (CONT'D.)

Secured (Cont'd.)

Term loan 3

The term loan 3 is secured by first party legal charge over a unit of retail shop lot under construction of the Company.

The term loan 3 is repayable by 180 monthly instalments of MYR10,477 upon full drawdown.

Term loan 4

The term loan 4 is secured by party legal charge over a service apartment of the Company as disclosed in Note 5 to the financial statements.

The term loan 4 is repayable by 180 monthly instalments of MYR3,920 upon full drawdown.

Term loan 5

The term loan 5 is secured by the followings: -

- i) personal guarantee by a director of the subsidiary, Chanchai Kitprotpisuth;
- ii) pledged of Government Saving Bank's lottery of a director of the subsidiary, Chanchai Kitprotpisuth; and
- iii) guarantee executed by third party, Thai Credit Guarantee Corporation (TCG).

The term loan 5 is repayable by 180 monthly instalments of MYR22,309.

Term loan 6

The term loan 6 is secured by the followings: -

- i) secured by Facilities Agreement For The Sum Of All Monies Securities; and
- ii) a lien over fixed deposits of the Company.

The term loan 6 is repayable by 42 monthly instalments of MYR18,300.

Term loan 7

The term loan 7 is secured by the followings: -

- i) secured by Facilities Agreement For The Sum Of All Monies Securities;
- ii) corporate guarantee by the Company and shareholder of the subsidiary; and
- iii) personal guarantee by a director of the subsidiary, Heng Boon Liang.

The term loan 7 is repayable by 95 monthly instalments of MYR24,188.

Notes to the Financial Statements

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24. TERM LOANS (CONT'D.)

Secured (Cont'd.)

Term loan 8

The term loan 8 is secured by the followings: -

- i) secured by Facilities Agreement;
- ii) corporate guarantee by the Company;
- iii) fixed charge over fixed deposits of the subsidiary;
- iv) fixed charge of particular project proceeds and for plant and equipment as disclosed in Note 4; and
- v) guarantee executed by third party, Credit Guarantee Corporation (CGC).

The term loan 8 is repayable by 42 monthly instalments of MYR64,000.

Term loan 9

The term loan 9 is secured by the following: -

- i) deed of assignment over the properties acquired and a charge on the titles in respect of the plant and machinery as disclosed in Note 4;
- ii) corporate guarantee by third party, Invest Energy Sdn. Bhd.;
- iii) personal guarantee by a formal director of the subsidiary, Anand Ramakrishnan; and
- iv) guarantee executed by third party, Credit Guarantee Corporation (CGC) under Green Technology Financing Scheme.

The term loan 9 is repayable by 88 monthly instalments of MYR300,000.

Term loan 10

The term loan 10 is secured by Facilities Agreement For The Sum Of All Monies Securities.

The term loan 10 is repayable by 59 monthly instalments of 50% of total Drawdown amount and repay all remaining outstanding in 60th month.

Notes to the Financial Statements

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25. LEASE LIABILITIES

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Minimum lease payments: -				
- not later than one year	415,361	414,312	385,685	384,636
- later than one year and not later than two years	325,506	376,119	295,830	346,443
- later than two years and not later than five years	408,112	541,731	319,084	452,703
- later than five years	2,396	32,072	-	-
	1,151,375	1,364,234	1,000,599	1,183,782
Less: Future interest charge	(80,418)	(112,957)	(65,371)	(91,183)
Present value of lease liabilities	1,070,957	1,251,277	935,228	1,092,599
Repayable as follows: -				
Non-current liabilities				
- later than one year and not later than two years	301,057	342,618	275,717	318,473
- later than two years and not later than five years	392,674	513,344	308,816	433,736
- later than five years	2,387	31,977	-	-
	696,118	887,939	584,533	752,209
Current liabilities				
- not later than one year	374,839	363,338	350,695	340,390
	1,070,957	1,251,277	935,228	1,092,599

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

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Lease liabilities	2.11 – 2.60	2.29 – 2.60	2.11 – 2.60	2.29 – 2.60

The Group and the Company obtain lease facilities to finance their purchase of motor vehicles. The remaining lease terms are in the range from 1 to 6 years as at 31 December 2021. 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.

Notes to the Financial Statements

31 December 2021

26. TRADE PAYABLES

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Non-Current Liabilities				
Third parties	4,070,488	2,836,196	4,070,488	2,836,196
Current Liabilities				
Third parties	43,638,118	41,739,999	38,130,503	41,072,142
	47,708,606	44,576,195	42,200,991	43,908,338

The normal credit terms of trade payables range from 30 to 120 days (2020 – 30 to 120 days). However, the credit terms may vary dependent on negotiation with the suppliers.

Included in trade payables as at financial year end are retentions sum of MYR11,817,244 (2020 – MYR9,906,301) relating to construction contracts. Retentions sum are unsecured, interest-free and are expected to be paid as follows: -

	Group and Company	
	2021 MYR	2020 MYR
Within 1 year	7,746,755	7,070,105
More than 1 year and less than 2 years	1,594,967	819,045
More than 2 years and less than 5 years	2,475,521	2,017,151
	11,817,244	9,906,301

Analysis of retentions sum on deferred payment terms with discount rate of 5% (2020 - 8%) per annum, being the weighted average cost of capital of the Group and of the Company as at financial year end, are as follows: -

	Group and Company	
	2021 MYR	2020 MYR
Nominal value	12,180,444	10,309,801
Discount	(363,200)	(403,500)
	11,817,244	9,906,301

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Other payables	2,068,538	1,669,640	1,256,581	1,613,253
Accruals	1,583,496	1,274,145	1,377,239	1,202,673
Deposits received	52,513	-	7,250	-
	3,704,547	2,943,785	2,641,070	2,815,926

Notes to the Financial Statements

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28. REVENUE

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Revenue from contract customers	148,089,061	136,854,280	147,759,651	136,715,290
Revenue from services rendered	6,520,513	-	-	-
Revenue from sale of goods	20,104,230	13,903,716	20,067,172	13,245,036
Rental income	8,824	-	-	-
	174,722,628	150,757,996	167,826,823	149,960,326
Timing of revenue: -				
- at a point in time	26,633,567	13,903,716	20,067,172	13,245,036
- over time	148,089,061	136,854,280	147,759,651	136,715,290
	174,722,628	150,757,996	167,826,823	149,960,326
Primary geographical markets: -				
- Malaysia	173,706,782	150,289,886	167,826,823	149,960,362
- Thailand	1,015,846	468,110	-	-
	174,722,628	150,757,996	167,826,823	149,960,362

29. OTHER INCOME

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Fair value discount on payables	-	54,500	-	54,500
Fair value discount on receivables	87,350	-	87,350	-
Gain on disposal of investment property	-	179,640	-	179,640
Gain on disposal of property, plant and equipment	55,999	-	55,999	-
Reversal of impairment loss no longer required	482,500	-	482,500	-
Interest income	390,664	781,245	381,765	776,225
Rental income	47,700	59,625	47,700	59,625
Wages subsidy	12,000	-	-	-
Sundry income	368,328	158,345	230,168	213,223
Gain on forex exchange	1,768	-	-	-
Management fee	-	-	60,000	-
	1,446,309	1,233,355	1,345,482	1,283,213

Notes to the Financial Statements

31 December 2021

30. FINANCE COSTS

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Bank factoring interest	40	28,087	40	28,087
Bank overdraft interest	449,289	321,401	442,034	321,401
Fair value discount on receivables	-	86,100	-	86,100
Fair value discount on payables	40,300	-	40,300	-
Term loan interest	1,734,292	258,788	264,792	232,264
Trade finance interest	879,021	382,378	828,060	382,378
Lease interest	53,004	63,453	46,276	55,573
	3,155,946	1,140,207	1,621,502	1,105,803

31. PROFIT BEFORE TAXATION

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
This is arrived at after charging: -				
Auditors' remuneration: -				
- current financial year				
- Kreston John & Gan				
- statutory audit	127,000	105,000	100,000	95,000
- other services	13,000	68,000	13,000	28,000
- other auditor	47,341	18,080	-	-
Depreciation: -				
- property, plant and equipment	2,969,053	596,447	406,957	462,588
- investment properties	162,921	127,734	141,216	127,734
- right-of-use	526,238	580,361	486,638	540,761
Employee benefits expense (Note 32)	16,552,245	13,663,008	15,381,046	13,087,155
Impairment loss on trade receivables	400,000	150,000	400,000	150,000
Interest expenses	3,115,646	1,054,107	1,581,202	1,019,703
Fair value discount on payables	40,300	-	40,300	-
Fair value discount on receivables	-	86,100	-	86,100
Realised loss on foreign exchange	-	231	-	-
Property, plant and equipment written off	38,195	-	4,747	-
Rental of equipment	158,985	57,150	128,985	56,646
Rental of premises	127,900	132,250	96,500	106,600
and crediting: -				
Fair value discount on payables	-	54,500	-	54,500
Fair value discount on receivables	87,350	-	87,350	-
Gain on disposal of investment property	-	179,640	-	179,640
Gain on disposal of property, plant and equipment	55,999	-	55,999	-
Realised gain on foreign exchange	1,768	-	-	-
Reversal of impairment loss no longer required	482,500	-	482,500	-
Interest income	390,664	781,245	381,765	776,225
Rental income	47,700	59,625	47,700	59,625

Notes to the Financial Statements

31 December 2021

32. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Salaries, bonus, wages and allowances	14,794,700	12,159,474	13,753,404	11,641,361
Employees Provident Fund	1,606,900	1,379,310	1,489,181	1,325,883
Social security cost	132,169	111,682	124,457	12,098
Employment Insurance System	18,476	12,542	14,004	107,813
	16,552,245	13,663,008	15,381,046	13,087,155

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments excluding benefits-in-kind, amounting to MYR3,611,243 and MYR3,440,854 (2020 – MYR3,048,695 and MYR2,905,271) as disclosed in Note 33 to the financial statements.

33. DIRECTORS' EMOLUMENTS

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Directors of the Company				
<u>Executive directors</u>				
Salaries, bonus, wages and allowances	3,311,941	2,747,476	3,159,751	2,620,276
Employees Provident Fund	296,016	296,850	277,740	281,550
Social Security Cost	2,907	4,005	3,079	3,176
Employment Insurance System	379	364	284	269
	3,611,243	3,048,695	3,440,854	2,905,271
<u>Non-executive directors</u>				
- fees	402,833	287,875	402,833	287,875
	4,014,076	3,336,570	3,843,687	3,193,146

Included in directors' emoluments of the Group are executive directors' emoluments, excluding benefits-in-kind, of the subsidiary's companies amounting to MYR152,190 (2020 - MYR143,424).

Notes to the Financial Statements

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34. INCOME TAX EXPENSE

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Malaysian income tax				
- current year	3,350,000	3,456,000	3,350,000	3,456,000
- under/(over) provision in prior year	16,614	(12,448)	16,614	(12,448)
- real property gain tax	-	5,500	-	5,500
	3,366,614	3,449,052	3,366,614	3,449,052
Deferred taxation (Note 9)				
- current year	71,091	-	28,091	-
- (over)/under provision in prior year	(38,091)	-	21,909	-
	3,399,614	3,449,052	3,416,614	3,449,052

Income tax is calculated at the Malaysian statutory tax rates of 24% (2020 – 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the subsidiary of the Group in Hong Kong and Thailand are 16.5% and 20% (2020 – 16.5% and 20%).

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

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Applicable tax rate	24	24	24	24
Different tax rates in other countries	*	-	-	-
Non-allowable expenses	22	9	15	9
Non-taxable income	(2)	-	(1)	-
Temporary differences not recognised	4	7	-	-
Real property gain tax	-	*	-	*
Under provision of taxation	-	*	*	(1)
(Over)/Under provision of deferred tax	(1)	-	*	-
Effective tax rate	45	40	38	32

* Less than 1%

Notes to the Financial Statements

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35. 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	
	2021	2020
Profit for the financial year attributable to ordinary owners of the Company (MYR)	4,071,868	5,287,777
Weighted average number of ordinary shares in issue (Unit)	1,505,990,736	838,220,637
Basic earnings per share (sen)	0.27	0.63

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	
	2021	2020
Profit for the financial year attributable to ordinary owners of the Company (MYR)	4,071,868	5,287,777
Weighted average number of ordinary shares in issue (Unit)	1,505,990,736	838,220,637
Adjusted for assumed exercise of private placements (Unit)	83,080,000	48,311,000
Adjusted on share split (Unit)	-	783,935,678
Adjusted for assumed exercise of warrants of shares (Unit)	845,902,607	-
	2,434,973,343	1,670,467,315
Diluted earnings per share (sen)	0.17	0.32

36. DIVIDENDS PAID

The interim dividends paid in respect of financial year ended 31 December are as follows: -

	Company	
	2021 MYR	2020 MYR
1st interim single-tier dividend of MYR0.0025 per shares paid on 14 April 2020	-	2,306,893
Shares dividends of 2,767,872 units of treasury shares, distribute on 14 April 2020	-	237,116
	-	2,544,009

The directors do not recommend any dividend for the financial year ended 31 December 2021.

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37. PURCHASE OF INVESTMENT PROPERTIES

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Addition of investment properties (Note 5)	5,321,325	-	3,427,898	-
Contra from trade receivables	(5,321,325)	-	(3,427,898)	-
	-	-	-	-

38. ADDITION OF RIGHT-OF-USE ASSETS

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Addition of right-of-use assets (Note 6)	466,817	681,650	466,817	681,650
Financed by lease agreement	(200,000)	(540,000)	(200,000)	(540,000)
Cash payment on addition of right-of-use assets	266,817	141,650	266,817	141,650

39. 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: -

Group	At 1 January MYR	Net change from financing cash flows MYR	Acquisition of new lease MYR	Acquisition of new subsidiary companies MYR	At 31 December MYR
2021					
Trade finance	10,909,685	14,056,078	-	-	24,965,763
Term loans	5,431,182	6,930,423	-	20,505,437	32,867,042
Lease liabilities	1,251,277	(380,320)	200,000	-	1,070,957
	17,592,144	20,606,181	200,000	20,505,437	58,903,762
2020					
Trade finance	5,371,796	5,537,889	-	-	10,909,685
Term loans	6,115,913	(1,467,147)	-	782,416	5,431,182
Lease liabilities	1,108,198	(396,921)	540,000	-	1,251,277
	12,595,907	3,673,821	540,000	782,416	17,592,144

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

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: - (Cont'd.)

Company	At 1 January MYR	Net change from financing cash flows MYR	Acquisition of new lease MYR	Acquisition of new subsidiary companies MYR	At 31 December MYR
2021					
Trade finance	10,909,685	14,056,078	-	-	24,965,763
Term loans	4,648,766	1,396,063	-	-	6,044,829
Lease liabilities	1,092,599	(357,371)	200,000	-	935,228
	16,651,050	15,094,770	200,000	-	31,945,820
2020					
Trade finance	5,371,796	5,537,889	-	-	10,909,685
Term loans	6,115,913	(1,467,147)	-	-	4,648,766
Lease liabilities	930,198	(377,599)	540,000	-	1,092,599
	12,417,907	3,693,143	540,000	-	16,651,050

Cash outflows for leases as a lessee: -

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Included in net cash from operating activities: -				
Payment relating to short-term leases	127,900	132,250	96,500	106,600
Payment relating to low-value assets	158,985	57,150	128,985	56,646
Interest paid in relation to lease liabilities	53,004	63,453	46,276	55,573
Included in net cash from financing activities: -				
Payment of lease liabilities	380,320	396,921	357,371	377,599
	720,209	649,774	629,132	596,418

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40. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Cash and bank balances	8,781,557	3,003,948	2,100,594	2,732,532
Bank overdraft (Note 23)	(10,285,972)	(10,849,390)	(9,825,958)	(10,849,390)
Deposits with licensed banks	35,577,583	25,146,855	35,103,888	25,146,855
	34,073,168	17,301,413	27,378,524	17,029,997
Less: Pledged deposits	(29,349,796)	(17,134,413)	(28,876,101)	(17,134,413)
	4,723,372	167,000	(1,497,577)	(104,416)

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

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Ringgit Malaysia	32,488,177	17,108,380	27,378,524	17,029,997
Thai Baht	1,478,547	185,480	-	-
Hong Kong Dollar	21,931	7,553	-	-
Vietnamese Dong	84,513	-	-	-
	34,073,168	17,301,413	27,378,524	17,029,997

41. 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:-

Construction : Provision of electrical and mechanical engineering
Services : Energy Saving

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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41. SEGMENT INFORMATION (CONT'D.)

a) Business segment

	Construction MYR	Services MYR	Non- reportable segments MYR	Total MYR
2021				
Revenue				
Revenue from external customers	167,826,823	6,785,781	110,024	174,722,628
Results				
Interest income	381,765	8,899	-	390,664
Impairment loss on trade receivables	(400,000)	-	-	(400,000)
Reversal of impairment loss on trade receivables no longer required	482,500	-	-	482,500
Fair value discount on receivables	87,350	-	-	87,350
Fair value discount on payables	(40,300)	-	-	(40,300)
Depreciation of property, plant and equipment	(406,957)	(2,281,301)	(280,795)	(2,969,053)
Depreciation of investment properties	(141,216)	-	(21,705)	(162,921)
Depreciation of right-of-use assets	(486,638)	(39,600)	-	(526,238)
Interest expenses	(1,595,908)	(1,519,738)	-	(3,115,646)
Gain on disposal of property, plant and equipment	55,999	-	-	55,999
Property, plant and equipment written off	4,747	33,448	-	38,195
Taxation	(3,416,614)	17,000	-	(3,399,614)
Segment results	5,573,478	(921,926)	(511,004)	(4,140,548)
Segment assets	192,534,037	43,081,729	22,746,400	258,362,166
Segment liabilities	(99,419,468)	(65,331,718)	31,322,336	(133,428,850)

No segment reporting by industry has been prepared for previous financial year as the Group and the Company operated predominantly in the provision of construction and services. The services segment are less than 10% of the total assets of all operating segments.

Geographical information of revenue by location of customers is disclosed in Note 28 to the financial statements.

The following is major customer with revenue equal or more than 10% of the Group's or the Company's total revenue: -

	Group and Company	
	2021 MYR	2020 MYR
- Customer A	-	16,248,576
- Customer B	-	14,366,197
- Customer C	17,065,187	-
	17,065,187	30,614,773

Notes to the Financial Statements

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42. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

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

- (i) Financial assets measured at amortised cost ("FAAC").
- (ii) Financial liabilities measured at amortised cost ("FLAC").

Group	Carrying amount MYR	FAAC MYR	FLAC MYR
2021			
Financial assets			
Trade receivables	75,637,581	75,637,581	-
Contract assets	60,950,861	60,950,861	-
Other receivables and deposits	9,831,477	9,831,477	-
Deposit with licensed banks	35,577,583	35,577,583	-
Cash and bank balances	8,781,557	8,781,557	-
	190,779,059	190,779,059	-
Financial liabilities			
Trade payables	(47,708,606)	-	(47,708,606)
Contract liabilities	(11,797,295)	-	(11,797,295)
Other payables and accruals	(3,704,547)	-	(3,704,547)
Borrowings	(68,118,777)	-	(68,118,777)
Lease liabilities	(1,070,957)	-	(1,070,957)
	(132,400,182)	-	(132,400,182)
2020			
Financial assets			
Trade receivables	55,427,920	55,427,920	-
Contract assets	57,882,676	57,882,676	-
Other receivables and deposits	6,765,784	6,765,784	-
Deposit with licensed banks	25,146,855	25,146,855	-
Cash and bank balances	3,003,948	3,003,948	-
	148,227,183	148,227,183	-
Financial liabilities			
Trade payables	(44,576,195)	-	(44,576,195)
Contract liabilities	(7,984,123)	-	(7,984,123)
Other payables and accruals	(2,943,785)	-	(2,943,785)
Borrowings	(27,190,257)	-	(27,190,257)
Lease liabilities	(1,251,277)	-	(1,251,277)
	(83,945,637)	-	(83,945,637)

Notes to the Financial Statements

31 December 2021

42. FINANCIAL INSTRUMENTS (CONT'D.)

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

The table below provides an analysis of financial instruments categorised as follows: - (Cont'd.)

Company	Carrying amount MYR	FAAC MYR	FLAC MYR
2021			
Financial assets			
Trade receivables	74,752,817	74,752,817	-
Contract assets	60,950,861	60,950,861	-
Other receivables and deposits	3,907,705	3,907,705	-
Amount due from subsidiary companies	35,329,162	35,329,162	-
Deposit with licensed banks	35,103,888	35,103,888	-
Cash and bank balances	2,100,594	2,100,594	-
	212,145,027	212,145,027	-
Financial liabilities			
Trade payables	(42,200,991)	-	(42,200,991)
Contract liabilities	(11,797,295)	-	(11,797,295)
Other payables and accruals	(2,641,070)	-	(2,641,070)
Amount due to subsidiary companies	(321,114)	-	(321,114)
Borrowings	(40,836,550)	-	(40,836,550)
Lease liabilities	(935,228)	-	(935,228)
	(98,732,248)	-	(98,732,248)
2020			
Financial assets			
Trade receivables	55,204,772	55,204,772	-
Contract assets	57,882,676	57,882,676	-
Other receivables and deposits	4,717,084	4,717,084	-
Amount due from subsidiary companies	5,776,392	5,776,392	-
Deposit with licensed banks	25,146,855	25,146,855	-
Cash and bank balances	2,732,532	2,732,532	-
	151,460,311	151,460,311	-
Financial liabilities			
Trade payables	(43,908,338)	-	(43,908,338)
Contract liabilities	(7,984,123)	-	(7,984,123)
Other payables and accruals	(2,815,926)	-	(2,815,926)
Borrowings	(26,407,841)	-	(26,407,841)
Lease liabilities	(1,092,599)	-	(1,092,599)
	(82,208,827)	-	(82,208,827)

Notes to the Financial Statements

31 December 2021

42. FINANCIAL INSTRUMENTS (CONT'D.)

b) Gains and losses arising from financial instruments

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Net gains/(losses) on: -				
Financial assets measured at amortised costs	303,314	695,145	294,415	690,125
Financial liabilities measured at amortised costs	(3,155,646)	(999,607)	(1,581,202)	(965,203)
	(2,852,332)	(304,462)	(1,286,787)	(275,078)

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
- Operational risk

i) Credit risk

Credit risk is the risk of a financial loss if a customer or 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 has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group and Company management reporting procedures.

Notes to the Financial Statements

31 December 2021

42. 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 MYR16,142,327 due from five (5) trade receivables which represents 21% of the total trade receivables of the Group and of the Company. However, the directors are of the opinion that these amount outstanding is 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.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. 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.

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 from individual customers.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as follows: -

Group	Gross MYR	Less: Allowance MYR	Net MYR
2021			
Not past due	32,714,682	-	32,714,682
Past due over 90 days	20,317,962	(67,500)	20,250,462
Retention sums	22,672,437	-	22,672,437
	75,705,081	(67,500)	75,637,581

Notes to the Financial Statements

31 December 2021

42. 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 as follows: - (Cont'd.)

Group	Gross MYR	Less: Allowance MYR	Net MYR
2020			
Not past due	26,710,985	-	26,710,985
Past due over 90 days	6,137,181	(150,000)	5,987,181
Retention sums	22,729,754	-	22,729,754
	55,577,920	(150,000)	55,427,920
Company			
2021			
Not past due	31,829,918	-	31,829,918
Past due over 90 days	20,317,962	(67,500)	20,250,462
Retention sums	22,672,437	-	22,672,437
	74,820,317	(67,500)	74,752,817
2020			
Not past due	26,541,709	-	26,541,709
Past due over 90 days	6,083,309	(150,000)	5,933,309
Retention sums	22,729,754	-	22,729,754
	55,354,772	(150,000)	55,204,772

Notes to the Financial Statements

31 December 2021

42. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd.)

The movements in the allowance for impairment in respect of trade receivables during the financial year are as follows:-

Group	Lifetime ECL MYR	Credit impaired MYR	Total MYR
At 1 January 2020	-	-	-
Addition	150,000	-	150,000
At 31 December 2020	150,000	-	150,000
Addition	400,000	-	400,000
Reversal of impairment loss on trade receivables no longer required	(482,500)	-	(482,500)
At 31 December 2021	67,500	-	67,500

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.

Notes to the Financial Statements

31 December 2021

42. 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 they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various 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 it 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 and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: -

Group	Carrying amount MYR	Contractual interest rate %	Contractual cash flows MYR	Under 1 years MYR	1 - 2 years MYR	2 - 5 years MYR	More than 5 years MYR
2021							
Non-derivative financial liabilities							
Retentions (included in trade payables)	11,817,244	5.00	12,180,444	7,746,755	1,674,716	2,758,973	-
Trade payables	35,891,362	-	35,891,362	35,891,362	-	-	-
Contract liabilities	11,797,295	-	11,797,295	11,797,295	-	-	-
Other payables and accruals	3,704,547	-	3,704,547	3,704,547	-	-	-
Trade finance	24,965,763	2.07 – 3.65	24,965,763	24,965,763	-	-	-
Bank overdrafts	10,285,972	7.45 – 9.95	10,285,972	10,285,972	-	-	-
Term loans	32,867,042	5.51 – 7.00	39,719,980	26,416,884	1,874,111	4,168,042	7,260,943
Lease liabilities	1,070,957	2.11 – 2.60	1,151,375	415,361	325,506	408,112	2,396
	132,400,182		139,696,738	121,223,939	3,874,333	7,335,127	7,263,339

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31 December 2021

42. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: - (Cont'd.)

	Carrying amount MYR	Contractual interest rate %	Contractual cash flows MYR	Under 1 years MYR	1 - 2 years MYR	2 - 5 years MYR	More than 5 years MYR
Group							
2020							
Non-derivative financial liabilities							
Retentions (included in trade payables)	9,906,301	8.00	10,309,801	7,070,105	895,369	2,354,367	-
Trade payables	34,669,894	-	34,669,894	34,669,894	-	-	-
Contract liabilities	7,984,123	-	7,984,123	7,984,123	-	-	-
Other payables and accruals	2,943,785	-	2,943,785	2,943,785	-	-	-
Trade finance	10,909,685	4.21 – 5.01	10,909,685	10,909,685	-	-	-
Bank overdrafts	10,849,390	7.45 – 9.95	10,849,390	10,849,390	-	-	-
Term loans	5,431,182	6.65 – 7.30	5,431,182	534,384	801,056	1,047,008	3,048,734
Lease liabilities	1,251,277	2.29 – 2.60	1,364,234	414,312	376,119	541,731	32,072
	83,945,637		84,472,134	75,375,678	2,072,544	3,943,106	3,080,806
Company							
2021							
Non-derivative financial liabilities							
Retentions (included in trade payables)	11,817,244	5.00	12,180,444	7,746,755	1,674,716	2,758,973	-
Trade payables	30,383,747	-	30,383,747	30,383,747	-	-	-
Contract liabilities	11,797,295	-	11,797,295	11,797,295	-	-	-
Other payables and accruals	2,641,070	-	2,641,070	2,641,070	-	-	-
Amount due to subsidiaries	321,114	-	321,114	321,114	-	-	-
Trade finance	24,965,763	2.07 – 3.65	24,956,763	24,956,763	-	-	-
Bank overdrafts	9,825,958	7.45 – 9.95	9,825,958	9,825,958	-	-	-
Term loans	6,044,829	5.57 – 7.00	9,223,096	793,943	1,334,203	3,267,430	3,827,520
Lease liabilities	935,228	2.11 – 2.60	1,000,599	385,685	295,830	319,084	-
Financial guarantee*	24,872,158	-	24,872,158	24,872,158	-	-	-
	123,604,406		127,202,244	113,724,488	3,304,749	6,345,487	3,827,520

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

Notes to the Financial Statements

31 December 2021

42. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: - (Cont'd.)

Company	Carrying amount MYR	Contractual interest rate %	Contractual cash flows MYR	Under 1 years MYR	1 - 2 years MYR	2 - 5 years MYR	More than 5 years MYR
2020							
Non-derivative financial liabilities							
Retentions (included in trade payables)	9,906,301	8.00	10,309,801	7,070,105	895,369	2,344,327	-
Trade payables	34,002,037	-	34,002,037	34,002,037	-	-	-
Contract liabilities	7,984,123	-	7,984,123	7,984,123	-	-	-
Other payables and accruals	2,815,926	-	2,815,926	2,815,926	-	-	-
Trade finance	10,909,685	4.21 – 5.01	10,909,685	10,909,685	-	-	-
Bank overdrafts	10,849,390	7.45 – 9.95	10,849,390	10,849,390	-	-	-
Term loans	4,648,766	6.65 – 7.00	4,648,766	266,672	533,344	800,016	3,048,734
Lease liabilities	1,092,599	2.29 – 2.60	1,183,782	384,636	346,443	452,703	-
Financial guarantee*	1,907,467	-	1,907,467	1,907,467	-	-	-
	84,116,294		84,610,977	76,190,041	1,775,156	3,597,046	3,048,734

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

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's is exposed to foreign currency risk on sales that are denominated in a currency other than the respective functional currency of Group entities. The currency giving risk to the risk were primarily Thai Baht ("THB").

Risk management objectives, policies and processes for managing the risk

The Group is closely monitoring the foreign currency risk on an ongoing basis to ensure that the net exposure is at acceptable level. In occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

Notes to the Financial Statements

31 December 2021

42. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was: -

	2021 MYR	2020 MYR
Trade receivables (Note 10)		
- THB	52,161	13,613
Trade payables (Note 26)		
- THB	5,088,923	-

Currency risk sensitivity analysis

A five (5) percent strengthening of MYR against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonable possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	2021 MYR	2020 MYR
Changes in equity	195,361	517
Changes in post-tax profit	(195,361)	(517)

A five (5) percent weakening of MYR against the above foreign currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest/Expense 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/expense 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 objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Notes to the Financial Statements

31 December 2021

42. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Exposure to interest/expense rate risk

The interest/expense rate profile of the Group's and the Company's significant interest/expense-bearing financial instruments, based on carrying amounts as at the end of the reporting period was: -

Group	2021 MYR	Interest rate %	2020 MYR	Interest rate %
Fixed rate instruments				
Lease liabilities	(1,070,957)	2.11 – 2.60	(1,251,277)	2.29 – 2.60
Floating rate instruments				
Trade finance	(24,965,763)	2.07 – 3.65	(10,909,685)	4.21 – 5.01
Bank overdrafts	(10,285,972)	7.45 – 9.95	(10,849,390)	7.45 – 9.95
Term loans	(32,867,042)	5.51 – 7.00	(5,431,182)	6.65 – 7.30

Company	2021 MYR	Interest rate %	2020 MYR	Interest rate %
Fixed rate instruments				
Lease liabilities	(935,228)	2.11 – 2.60	(1,092,599)	2.29 – 2.60
Floating rate instruments				
Trade finance	(24,965,763)	2.07 – 3.65	(10,909,685)	4.21 – 5.01
Bank overdrafts	(9,825,958)	7.45 – 9.95	(10,849,390)	7.45 – 9.95
Term loans	(6,044,829)	5.57 – 7.00	(4,648,766)	6.65 – 7.00

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 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been MYR23,300 and MYR11,665 (2020 – MYR7,500 and MYR7,300) respectively higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

v) Operational risk

The operational risk arises from the daily activities of the Group and of the Company which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

Notes to the Financial Statements

31 December 2021

42. FINANCIAL INSTRUMENTS (CONT'D.)

d) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair value due to the relatively short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to 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		
2021										
Financial assets										
Retention sum (included in trade payables)	-	-	11,065,333	11,065,333	-	-	-	-	11,065,333	11,065,333
Financial liabilities										
Retention sum (included in trade payables)	-	-	4,070,488	4,070,488	-	-	-	-	4,070,488	4,070,488
Term loans	-	-	-	-	-	-	30,690,059	30,690,059	30,690,059	32,867,042
Lease liabilities	-	-	-	-	-	-	1,040,161	1,040,161	1,040,161	1,070,957
	-	-	4,070,488	4,070,488	-	-	31,730,220	31,730,220	35,800,708	38,008,487
2020										
Financial assets										
Retention sum (included in trade payables)	-	-	8,088,282	8,088,282	-	-	-	-	8,088,282	8,088,282
Financial liabilities										
Retention sum (included in trade payables)	-	-	2,836,196	2,836,196	-	-	-	-	2,836,196	2,836,196
Term loans	-	-	-	-	-	-	3,391,546	3,391,546	3,391,546	5,431,182
Lease liabilities	-	-	-	-	-	-	880,451	880,451	880,451	1,251,277
	-	-	2,836,196	2,836,196	-	-	4,271,997	4,271,997	7,108,193	9,518,655

Notes to the Financial Statements

31 December 2021

42. FINANCIAL INSTRUMENTS (CONT'D.)

d) Fair value information (Cont'd.)

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		
2021										
Financial assets										
Retention sum (included in trade payables)	-	-	11,065,333	11,065,333	-	-	-	-	11,065,333	11,065,333
Financial liabilities										
Retention sum (included in trade payables)	-	-	4,070,488	4,070,488	-	-	-	-	4,070,488	4,070,488
Term loans	-	-	-	-	-	-	4,495,043	4,495,043	4,495,043	6,044,829
Lease liabilities	-	-	-	-	-	-	911,654	911,654	911,654	935,228
	-	-	4,070,488	4,070,488	-	-	5,406,697	5,406,697	9,477,185	11,050,545
2020										
Financial assets										
Retention sum (included in trade payables)	-	-	8,088,282	8,088,282	-	-	-	-	8,088,282	8,088,282
Financial liabilities										
Retention sum (included in trade payables)	-	-	2,836,196	2,836,196	-	-	-	-	2,836,196	2,836,196
Term loans	-	-	-	-	-	-	3,391,546	3,391,546	3,391,546	4,648,766
Lease liabilities	-	-	-	-	-	-	743,982	743,982	743,982	1,092,599
	-	-	2,836,196	2,836,196	-	-	4,135,528	4,135,528	6,971,724	8,577,561

Notes to the Financial Statements

31 December 2021

42. 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 (2020 - 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
Retentions sum	Discounted cash flows using a rate based on the weighted average cost of capital of the Group and of the Company at the reporting date.
Borrowings	Discounted cash flows using a rate based on the current market rate of borrowing of the Group and of the Company at the reporting date.

43. CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may take adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Notes to the Financial Statements

31 December 2021

43. CAPITAL MANAGEMENT (CONT'D.)

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Total borrowings	69,189,734	28,441,534	41,771,778	27,500,440
Total equity	124,933,316	79,966,731	128,270,457	82,182,608
Debt-to-equity ratio	0.55	0.36	0.33	0.33

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

44. CAPITAL COMMITMENT

	Group		Company	
	2021 MYR	2020 MYR	2021 MYR	2020 MYR
Authorised and contracted for: -				
- Property, plant and equipment	5,987,327	3,961,650	-	-
- Investment properties	197,429	1,907,467	197,429	1,907,467
	6,184,756	5,869,117	197,429	1,907,467

45. CONTINGENT LIABILITIES

	Group and Company	
	2021 MYR	2020 MYR
Secured		
Bankers' guarantees issued in favour of third parties secured by deposits with licensed banks in respect of contract works	24,872,158	1,907,467

The directors are of the opinion that adequate allowance has been made in the financial statements for any possible liabilities.

Notes to the Financial Statements

31 December 2021

46. 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.

The Group and the Company have related party relationship with their directors and key management personnel.

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 Note 14 to the financial statements.

	Company	
	2021 MYR	2020 MYR
KAB Technologies Sdn. Bhd.		
- Sub-Contract Cost	(1,178,348)	-
- Management fee	60,000	60,000

Compensation of key management personnel

The remuneration paid by the Group and the Company to key management personnel during the financial year are disclosed in Note 33 in the financial statements.

47. SIGNIFICANT EVENTS

- a. The COVID-19 pandemic has significantly disrupted many business operations around the world. The Group and the Company have performed an assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there are no material adverse effects on the financial statements for the financial year ended 31 December 2021.

The scale and duration of the economic uncertainty and its related impact on the outlook and prospects of the Group and the Company could not be reasonably estimated at this juncture. The Group and the Company are closely monitoring the evolving situation of the COVID-19 pandemic and the effects, if any will be reflected in the next annual financial statements.

Notes to the Financial Statements

31 December 2021

47. SIGNIFICANT EVENTS (CONT'D.)

- b. On 25 March 2020, the Company announced proposed acquisition by KAB Energy Power Sdn. Bhd. ("KABEP") of: -

- i) 2,000,000 ordinary shares in Konpro Industries Sdn. Bhd. ("KISB"); and
- ii) 600,000 ordinary shares in Meru One Sdn. Bhd. ("MOSB").

Both representing 80% each of the total paid up share capital in KISB and MOSB, for a total cash consideration of MYR7,260,000.

On 5 March 2021, KABEP entered into Share Purchase Agreements ("SPA") to acquire the followings: -

- i) 2,500,000 ordinary shares, representing 100% of the total paid-up share capital in KISB for a total cash consideration of MYR7,930,000 instead of proposed acquisition of 2,000,000 ordinary shares for a total consideration of MYR5,100,000; and
- ii) 750,000 ordinary shares, representing 100% of the total paid-up share capital in MOSB for a total cash consideration of MYR4,100,000 instead of proposed acquisition of 600,000 ordinary shares for a total consideration of MYR2,160,000 and to assume liabilities of MYR4,240,000.

On 25 October 2021, the Company announced that the proposed Acquisition of KISB had been completed.

On 2 December 2021, the Company announced that the SPA to acquire MOSB was terminated due to the fundamental breach of terms.

- c. On 10 February 2021, the Company announced multiple proposals as follows: -

- i) share split involving the subdivision of every ten (10) existing issued and fully paid ordinary shares into eighteen (18) shares ("Share Split"); and
- ii) bonus issue of up to 881,927,638 free warrants on the basis of 1 Warrant for every 2 ordinary shares held ("Bonus Issue of Warrants").

On 5 May 2021, the Company announced that the Bonus Issue of Warrants had been completed following the listing and quotation of 845,902,607 Warrants on the Main Market of Bursa Securities.

- d. On 16 February 2021, the Company announced that KAB Smart Solar Energy Sdn. Bhd. (formerly known as KAB Construction Sdn. Bhd.), a wholly-owned subsidiary, entered into a Binding Term Sheet ("BTS") with Mayang Hijau Sdn. Bhd. ("MHSB"), Evergreen Thumbsup Sdn. Bhd. and Mr Heng Boon Liang to subscribe of 800,000 ordinary shares in MHSB, representing 80% of the total proposed enlarged paid up share capital in MHSB, for a total consideration of MYR800,000.

On 8 July 2021, the Company announced that the proposed subscription had been completed.

- e. On 21 July 2021, the Company announced that its wholly-owned subsidiary, KAB Technologies Sdn. Bhd. had entered into a BTS with Vodex Technical Services Sdn. Bhd. A Special Purpose Vehicle, namely TVT Link Tech Solutions Sdn. Bhd. was formed for the BTS.
- f. On 14 September 2021, the Company announced that it had entered into a Joint Venture ("JV") Term Sheet with YL Global Ventures Sdn. Bhd. ("YLGV") to form a JV via KAB Robotic and Automation Solutions Sdn. Bhd. ("KAB-RBT"), a subsidiary of the Company, to venture into robotics distribution business.

Notes to the Financial Statements

31 December 2021

47. SIGNIFICANT EVENTS (CONT'D.)

- g. On 29 September 2021, the Company via KABEP, lodged with Securities Commission Malaysia, the required information and relevant documents in relation to the issuance of unrated Medium Term Notes ("Sukuk Murabahah") under a Multi-Currency Islamic Medium Term Note Programme of up to MYR500 million in nominal value ("Sukuk Programme").

The Sukuk Programme shall have a tenure of thirty (30) years from the date of first issuance of the Sukuk Murabahah. The Sukuk Programme will provide the Group with the flexibility in its fund-raising exercise with varying amount and tenures for optimal assetliability matching through the capital markets.

Public Investment Bank Berhad has been appointed as the Principal Adviser/Lead Arranger/Lead Manager for the Sukuk Programme.

- h. On 29 October 2021, the Company announced the proposed acquisition by KAB-RBT of 1,000 ordinary shares in iSenze Sdn. Bhd. ("iSenze") representing 100% of the total issues and paid-up share capital in iSenze, from YLGV for a total cash consideration of MYR745,006.

On 30 November 2021, the Company announced that the proposed acquisition had been completed.

48. EVENTS AFTER THE REPORTING PERIOD

- a. On 19 January 2022, the Company announced the proposed acquisition by its wholly-owned subsidiary KAB Energy Holdings Sdn. Bhd. ("KABEH"), of 300,000 ordinary shares in PT Inpolo Mitra Elektrindo ("PT IME") representing 100% issued and paid-up share capital in PT IME, from Sarawak Cable Berhad ("SCB") for a total cash consideration of MYR10,000 and settlement of advances owing to SCB up to MYR61.49 million.

As at the date of this report, the due diligence reviews are still on-going.

- b. On 31 January 2022, KABEP had made the first issuance of Sukuk Murabahah of RM19.95 million. The proceeds were utilised to advance to a wholly-owned subsidiary of KABEP, to redeem its existing conventional financing facility and the balance to fund the minimum balance and build-up requirement in the designated bank accounts.

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 Kejuruteraan Asastera Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 82 to 165 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2021 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

Choong Gaik Seng

Kuala Lumpur,
Date: 8 April 2022

Statutory Declaration

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

I, Hoon Siew Yen, MIA No. 9913 , being the officer primarily responsible for the financial management of Kejuruteraan Asastera Berhad, do solemnly and sincerely declare that the financial statements set out on pages 82 to 165, to the best of my knowledge and belief, are correct.

And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Kuala Lumpur this 8 April 2022.

Hoon Siew Yen
(MIA No. 9913)

Before me

Commissioner for Oaths
Datin Hjh Raihela Wanchik (No. W-275)

List of Properties

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/ Valuation (V)	Audited Net Book Value As At 31.12.2021 (MYR)
PM 8456, Lot 101280, Mukim of Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur Property address: No.18, Jalan Radin Bagus 9, Bandar Baru Seri Petaling, 57000 Kuala Lumpur.	Three-storey shop office currently used as our Company's headquarters	N/A/190	7	99-year leasehold, expiring on 5 April 2110 (i.e. remaining tenure of approximately 88 years as at Dec'21)	23 Mar 2017 (V)	3,420,337
HSD 13198, PT 8891, Mukim Kajang, Daerah Ulu Langat, Negeri Selangor Property address: No. 86, Jalan Taming 5, Taming Jaya Industrial Park, 43300 Balakong, Selangor Darul Ehsan.	One and half storey terrace factory as warehouse	N/A/222.96	26	Freehold	28 April 2017 (V)	1,178,666
GRN 190203, Lot 128236, Mukim Klang, Daerah Klang, Negeri Selangor. Property address: Lot No.19 Gravit 8, PT 128236, Kota Bayu Emas/KS9, 42000 Pel. Klang, Selangor Darul Ehsan.	Three storey Shop Office	N/A/153	5	Freehold	9 September 2021 (V)	1,375,550
GRN Mukim 283, Lot 1098, Tempat Batu 8, Jalan Kuala Lumpur, Mukim Cheras, Daerah Hulu Langat, Negeri Selangor Property address: B-19-07 Green Residence Condo, Jalan Sayang 1, Taman Rasa Sayang, 43200 Batu 9 Cheras, Selangor Darul Ehsan	Residential	N/A/144.65	5	Freehold	7 September 2021 (V)	723,381

List of Properties

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/ Valuation (V)	Audited Net Book Value As At 31.12.2021 (MYR)
HSD 156027, PT 148718, Mukim Klang, Daerah Klang, Negeri Selangor	Residential	N/A/59	4	Freehold	13 June 2016 (A)	328,879
Property address: A1-28-11, Blok A1, Gravit 8, Jalan Bayu Laut/KS9, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan						
PN 62395, Lot 57417, Mukim of Bukit Raja, Daerah Petaling, Selangor	Vacant land held for development	6,015	Not applicable	99-year leasehold, expiring on 3 December 2105 (i.e. remaining tenure of approximately 83 years as at Dec'21)	1 July 2021 (V)	3,329,164
Geran 321056, Lot 72023 (formely held under HS(D) 287224, PT 25), Pekan Country Height, Daerah Petaling, Negeri Selangor	Residential	N/A/90.3	1	Freehold	27 February 2019 (A)	684,418
Property address: A-13-13, Residensi Paisley, Jalan MP 1 Tropicana Metropark, 47500 Subang Jaya, Selangor Darul Ehsan						
Geran 78870 Lot 480726, Mukum Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/70.8	1	Freehold	5 May 2021 (A)	584,744
Property address: J-29-16, Ekocheras Service Apartment, No.693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur						

List of Properties

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/ Valuation (V)	Audited Net Book Value As At 31.12.2021 (MYR)
Geran 78870, Lot 480726, Mukum Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/70.8	1	Freehold	5 May 2021 (A)	584,744
Property address: J-29-06, Ekocheras Service Apartment, No.693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur						
GRN 317216, Lot 91995 (formerly HS(D) 112756, PT 1424), Mukim Damansara, Daerah Petaling, Negeri Selangor	Residential	N/A/93.73	1	Freehold	21 July 2021 (A)	702,235
Property address: D-10-33, H2O Ara Damansara, No.1, Jalan PJU 1/3, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan						
Geran 78870, Lot 480726, Mukum Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/70.8	1	Freehold	26 October 2021 (A)	563,684
Property address: J-20-09, Ekocheras Service Apartment, No.693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur						
Hakmilik Pajakan Mukim 6395, Lot 18152 Section 2 in the Town of Ulu Kelang, District of Gombak, State of Selangor	Residential	N/A/68.3	1	99-year leasehold, expiring on 25 January 2094 (i.e. remaining tenure of approximately 72 years as at Dec'21)	10 December 2021 (A)	618,270
Property address: A-33A-06, Block A, Residensi Xtreme Meridian, Jalan Bemban, Ampang, Selangor, 55000 Kuala Lumpur						

List of Properties

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/ Valuation (V)	Audited Net Book Value As At 31.12.2021 (MYR)
Hakmilik Pajakan Mukim 6395, Lot 18152 Section 2 in the Town of Ulu Kelang, District of Gombak, State of Selangor Property address: A-36-06, Block A, Residensi Xtreme Meridian, Jalan Bemban, Ampang, Selangor, 55000 Kuala Lumpur	Residential	N/A/68.3	1	99-year leasehold, expiring on 25 January 2094 (i.e. remaining tenure of approximately 72 years as at Dec'21)	10 December 2021 (A)	621,862
GM 105, Lot 274, Mukim Ampang, Tempat Batu 4 Ampang Road, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur Property address: B-09-13, The Elements, No.5, Jalan Bemban Ampang, Off Jalan Ampang, 55000 Kuala Lumpur	Residential	N/A/146	1	Freehold	10 December 2021 (A)	920,442

Shareholdings Statistics

as at 5 April 2022

ANALYSIS OF SHAREHOLDINGS

Total number Issued Shares as at 5 April 2022	: 1,797,994,669 ordinary shares
Treasury Shares as at 5 April 2022	: 88,898 ordinary shares
Adjusted Capital (after netting treasury shares as at 5 April 2022)	: 1,797,905,771 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS PER RECORD OF DEPOSITORS AS AT 5 APRIL 2022

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	535	9.36	17,856	0.00
100 – 1,000	440	7.70	243,862	0.01
1,001 - 10,000	2,296	40.17	13,652,193	0.76
10,001 – 100,000	1,944	34.01	67,949,204	3.78
100,001 – 89,895,287*	499	8.73	1,322,472,656	73.56
89,895,288 and above**	2	0.03	393,570,000	21.89
TOTAL	5,716	100.00	1,797,905,771	100.00

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2022

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

Name of Shareholders	Nationality/ Incorporated in	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Dato' Lai Keng Onn	Malaysian	529,670,600	29.46	85,050,000 ⁽¹⁾	4.73
GAT Success (M) Sdn. Bhd.	Malaysia	111,540,000	6.20	-	-
Everest Pavilion Sdn. Bhd.	Malaysia	-	-	111,540,000 ⁽²⁾	6.20
Cherry Anne Tong Chun Ling	Malaysian	-	-	111,540,000 ⁽³⁾	6.20
Kington Tong Kum Loong	Malaysian	221,113,766	12.30	6,485,003 ⁽⁴⁾	0.36

Notes:-

- (1) Deemed interest through shares held by Fastrans Venture Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Act.
- (2) Deemed interest through shares held by GAT Success (M) Sdn. Bhd. pursuant to Section 8 of the Act.
- (3) Deemed interest by virtue of her interest in Everest Pavilion Sdn. Bhd. ("EPSB") pursuant to Section 8 of the Act. EPSB is deemed interested in the shares held by GAT Success (M) Sdn. Bhd. pursuant to Section 8 of the Act.
- (4) Deemed interest through shares held by Regalis Investment Ltd pursuant to Section 8 of the Act.

Shareholdings Statistics

as at 5 April 2022

DIRECTORS' SHAREHOLDINGS AS AT 5 APRIL 2022

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	529,670,600	29.46	85,050,000 ⁽¹⁾	5.84
Choong Gaik Seng	Malaysian	3,318,800	0.18	-	-
Datin Chan Pey Kheng	Malaysian	9,414,709	0.52	-	-
Goh Kok Boon	Malaysian	1,354,050	0.08	-	-
Lu Chee Leong	Malaysian	-	-	-	-
Tong Siut Moi	Malaysian	-	-	-	-

Notes:-

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

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 APRIL 2022

(ORDINARY SHARES)

No.	Name	No of Shares Beneficially Held	%
1.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MGN-LKO0002M)	282,030,000	15.69
2.	GAT Success (M) Sdn. Bhd.	111,540,000	6.20
3.	Dato' Lai Keng Onn	84,200,600	4.68
4.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Kington Tong Kum Loong	68,215,243	3.79
5.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Dato'Lai Keng Onn (PB)	63,405,000	3.53
6.	Stocqtech Sdn. Bhd.	61,650,000	3.43
7.	HSBC Nominees (Asing) Sdn. Bhd. Credit Suisse (Hong Kong) Limited	61,317,120	3.41
8.	UOB Nominees (Tempatan) Sdn. Bhd. UOBM for Faith Chow Poh Ten (PBM)	60,651,050	3.37
9.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (MY3648)	50,398,123	2.80
10.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (MGN-KTK0003M)	44,400,000	2.47
11.	AMSEC Nominees (Tempatan) Sdn. Bhd. Ambank (M) Berhad (SWAP)	40,000,000	2.22
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	39,035,000	2.17

Shareholdings Statistics

as at 5 April 2022

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 APRIL 2022 (CONT'D) (ORDINARY SHARES)

No.	Name	No of Shares Beneficially Held	%
13.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Koon Poh Kong (PB)	36,000,000	2.00
14.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	34,575,400	1.92
15.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun (PJCAC 328903)	32,594,400	1.81
16.	Sim Ah Seng	29,650,340	1.65
17.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (KLC)	23,525,000	1.31
18.	Fastrans Ventures Sdn. Bhd.	23,400,000	1.30
19.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	23,200,000	1.29
20.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	20,100,000	1.12
21.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Chen Foong (MY1718)	18,500,000	1.03
22.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MY3685)	17,700,000	0.98
23.	Lim Gek Shan	17,244,177	0.96
24.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for Bank of Singapore Limited (Foreign)	16,630,063	0.92
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiau Beng Teik	16,500,000	0.92
26.	Lee Sook Ching	16,474,000	0.92
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cha Shuh Yi (MY2688)	15,283,900	0.85
28.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Koon Hoi Chun (PB)	13,485,380	0.75
29.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Loi Chee Fong (MY4320)	13,142,800	0.73
30.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Chew Kuan Fah (Margin)	11,700,000	0.65
TOTAL		1,346,547,596	74.90

Shareholdings Statistics

as at 5 April 2022

ANALYSIS OF WARRANT HOLDINGS

Instrument Type	: Warrants 2021/2024
No. of Warrants issued	: 845,902,607
Exercise price per warrant	: MYR1.20
Expiry date	: 29 April 2024

DISTRIBUTION OF WARRANT HOLDERS AS PER RECORD OF DEPOSITORS AS AT 5 APRIL 2022

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	599	11.16	16,043	0.00
100 - 1,000	340	6.34	173,119	0.02
1,001 - 10,000	1,282	23.90	7,600,998	0.90
10,001 - 100,000	2,192	40.86	94,797,119	11.21
100,001 - 42,295,129*	951	17.73	687,234,328	81.24
42,295,130 and above**	1	0.02	56,081,000	6.63
TOTAL	5,365	100.00	845,902,607	100.00

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

DIRECTORS' WARRANT HOLDINGS AS AT 5 APRIL 2022

Name of Shareholders	Nationality/ Incorporated in	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Datuk Dr. Ong Peng Su	Malaysian	-	-	-	-
Dato' Lai Keng Onn	Malaysian	41,348,800	4.89	11,700,000 ⁽¹⁾	1.38
Choong Gaik Seng	Malaysian	-	-	-	-
Datin Chan Pey Kheng	Malaysian	4,707,354	0.55	-	-
Goh Kok Boon	Malaysian	677,025	0.08	-	-
Lu Chee Leong	Malaysian	-	-	-	-
Tong Siut Moi	Malaysian	-	-	-	-

Notes:-

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

Shareholdings Statistics

as at 5 April 2022

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 5 APRIL 2022

(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.	Sheng Hsia Hwei	25,274,480	2.99
4.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (MY3648)	20,932,061	2.47
5.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Koon Poh Kong (PB)	18,000,000	2.13
6.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Koon Hoi Chun (PJCAC 328903)	16,297,200	1.93
7.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Vei Teck (MY4413)	13,500,000	1.60
8.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	13,162,700	1.56
9.	Fastrans Ventures Sdn. Bhd.	11,700,000	1.38
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Koon Poh Kong (PB)	8,542,690	1.01
11.	Sim Ah Seng	8,053,120	0.95
12.	M&A Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Chee Hong (M&A)	7,500,000	0.89
13.	Lim Gek Shan	6,797,088	0.80
14.	Lee Siew Yong	6,700,000	0.79
15.	Ng Soon Tong	6,400,000	0.76
16.	Lee Sook Ching	6,237,000	0.74
17.	HSBC Nominees (Asing) Sdn. Bhd. Credit Suisse (Hong Kong) Limited	6,012,760	0.71
18.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MY3685)	5,850,000	0.69
19.	Mok E Yen	5,500,000	0.65
20.	Sim Ah Yoke	5,232,400	0.62
21.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun	4,856,400	0.57
22.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun	4,651,000	0.55
23.	Siaw Seen Long	4,420,000	0.52
24.	Tan Hong Huat	4,115,000	0.49
25.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun (MY3799)	4,100,000	0.48
26.	Low Pek Kok	4,078,500	0.48
27.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeow Kuei Chai (YEO1052M)	3,800,000	0.45
28.	Mok E. Fung	3,800,000	0.45
29.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	3,796,300	0.45
30.	Khairul Azuan Bin Othman	3,552,900	0.42
TOTAL		320,645,099	37.91

Notice of Fully Virtual Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting (“25th AGM”) of Kejuruteraan Asastera Berhad (“KAB” or “the Company”) will be held on a **fully virtual basis** vide Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> on Friday, 27 May 2022 at 9:30 a.m., or at any adjournment thereof, for the following purposes:-

Day, Date and Time	Friday, 27 May 2022 at 9:30 a.m.
Online Meeting Platform	Securities Services e-Portal at https://sshsb.net.my/ (Domain Registration No. with MyNIC Berhad: D4A004360)
Meeting Title	KEJURUTERAAN ASASTERA BERHAD 25TH 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@asastera.com, no later than 9:30 a.m. on Wednesday, 25 May 2022.</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 2021 together with the Reports of the Directors and the Auditors thereon. | <i>Please refer to Explanatory Note 1</i> |
| 2. To approve the payment of Directors’ fees payable to the Directors of the Company amounting to MYR522,000/- for the financial year ending 31 December 2022. | 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) Mr. Choong Gaik Seng; and
(b) Mr. Goh Kok Boon. | Resolution 2
Resolution 3 |
| 4. To re-appoint Messrs. Kreston John & Gan as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to determine their remuneration. | Resolution 4 |

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 Resolutions:-

5. Ordinary Resolution

- Authority to Issue Shares pursuant to the Companies Act 2016

Resolution 5

“THAT, subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

6. Ordinary Resolution

Proposed Renewal of Authority for Share Buy-Back

Resolution 6

“THAT, subject to the Companies Act 2016 (“the Act”), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, the Company be and is hereby authorised to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit, necessary and and expedient in the interest of the Company (“Proposed Renewal of Share Buy-Back Authority”) provided that: -

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase;

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

Notice of Fully Virtual Annual General Meeting

- i. cancel all the shares so purchased; and/or
- ii. retain the ordinary shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or transfer under an employees' share scheme and/or transfer as purchase consideration; and/or
- iii. retain part thereof as treasury shares and cancel the remainder; or
- iv. in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other authority for the time being in force;

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until: -

- a. the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- c. the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first,

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interests of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board of Directors may deem fit and expedient in the best interests of the Company."

7. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

(duly signed)

CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)

CHENG CHIA PING (SSM PC No. 202008000730) (MAICSA 1032514)

Company Secretaries

Kuala Lumpur
28 April 2022

Notice of Fully Virtual Annual General Meeting

Notes:

(A) Information for Shareholders/Proxies

1. As a precautionary measure amid the outbreak of Coronavirus Disease ("COVID-19") pandemic, KAB shall conduct the 25th AGM as a virtual general meeting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn. Bhd. via its Securities Services e-Portal at <https://sshsb.net.my/>.

By utilising the RPV facilities at Securities Services e-Portal (prior registration as a User is required), shareholders are to remotely attend, participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the 25th 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 20 May 2022 ("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 Berhad ("Bursa Securities"), and the Rules of Bursa Malaysia Depository Sdn. Bhd. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the AGM via RPV facilities is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the AGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM via RPV facilities shall have the same rights as the member to attend, participate, speak and vote at the AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to eservices@sshsb.com.my during the Virtual AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

5. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
6. Where a member is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies of which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at Securities Services e-Portal at <https://sshsb.net.my/>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**

Notice of Fully Virtual Annual General Meeting

8. Publication of Notice of 25th AGM and Proxy Form on corporate website

Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of KAB at https://asastera.com/general_meeting.

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, 25 May 2022 at 9:30 a.m.**):-

Mode of Submission	Designated Address
Hard copy	SS E Solutions Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@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 2021**

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 25th AGM of the Company on the following resolution:-

- **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 MYR522,000.00 for the financial year ending 31 December 2022.

3. **Resolutions 2 and 3 - Re-election of Directors**

In determining the eligibility of the Directors to stand for re-election at the forthcoming 25th 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 Mr. Choong Gaik Seng and Mr. Goh Kok Boon, for re-election as Directors pursuant to Clause 76(3) of the Constitution of the Company ("Retiring Directors"). The Board has conducted a separate assessment and being satisfied with the performance/contribution of the Retiring Directors. Therefore, the Board recommended that the same to be tabled to the shareholders of the Company for approval at the forthcoming 25th AGM of the Company under Resolutions 2 and 3, respectively.

The evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2021 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.

Notice of Fully Virtual Annual General Meeting

4. **Resolution 4 - Re-appointment of Auditors**

The Audit Committee (“AC”) having assessed the suitability, objectivity and independence of Messrs. Kreston John & Gan recommended the latter’s re-appointment as External Auditors of the Company to the Board for consideration. Upon review, the Board in turn would like to recommend the same to the shareholders for approval at the 25th 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 2021.

5. **Resolution 5 – Authority to Issue Shares pursuant to the Companies Act 2016**

The proposed resolution is intended to renew the authority granted to the Directors of the Company at the Twenty-Fourth Annual General Meeting of the Company held on 20 May 2021 (“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”).

Pursuant to the Previous Mandate, the Company has undertaken a private placement exercise where five (5) tranches with total 106,100,000 new ordinary shares have been issued as at the date of this Notice, total proceeds raised were amounted to MYR39,048,000/-.

As at the date of this Notice, the details of utilisation of the proceeds from the abovementioned Private Placement were as follows:-

Purpose	Proposed Utilisation MYR	Actual Proceed MYR	Actual Utilisation MYR	Balance MYR	Estimated timeframe for utilisation
Repayment of bank borrowings	25,000	25,000	(25,000)	-	Within 6 months
Working capital	15,000	11,341	(11,341)	-	Within 24 months
Funding for energy projects	50,000	2,340	(2,340)	-	Within 36 months
Tender deposits, tender bonds and/or performance bonds	15,507	-	-	-	Within 12 months
Estimated expenses for the Proposed Private Placement	620	367	(367)	-	Immediate
Total	106,127	39,048	(39,048)	-	

The said General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time to meet its funding requirements.

The Board, having considered the current and prospective financial position, working capital requirements and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

6. **Resolution 6 - Proposed Renewal of Share Buy-Back Authority**

The proposed resolution is intended to allow the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares in the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Please refer to Statement to Shareholders dated 28 April 2022 available together with the Annual Report 2021 for more information.



KEJURUTERAAN ASASTERA BERHAD
[Company No. 199701005009 (420505-H)]
(Incorporated in Malaysia)

Proxy Form

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

I/We, _____ Tel. No.: _____
(Full name in block and NRIC No./Company No.)

of _____
(Address)

being a member of Kejuruteraan Asastera Berhad, hereby appoint(s):-

Proxy 1			
Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email	Contact No.		

and/or* (*delete as appropriate)

Proxy 2			
Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email	Contact No.		

or failing him/her* the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 25th 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, 27 May 2022 at 9:30 a.m. or any adjournment thereof.

* Delete the words "or failing him/her, the Chairman of the Meeting" if you wish to appoint some other person(s) to be your proxy.

My/Our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
Resolution 1	To approve the payment of Directors' fees of MYR522,000/- for the financial year ending 31 December 2022.		
Resolution 2	To re-elect Mr. Choong Gaik Seng, a Director who retires pursuant to Clause 76(3) of the Company's Constitution.		
Resolution 3	To re-elect Mr. Goh Kok Boon, a Director who retires pursuant to Clause 76(3) of the Company's Constitution.		
Resolution 4	To re-appoint Messrs. Kreston John & Gan as Auditors of the Company until the conclusion of the next AGM and authorise the Directors to determine their remuneration.		
Resolution 5	As Special Business <u>Ordinary Resolution</u> Authority to issue shares pursuant to the Companies Act 2016.		
Resolution 6	As Special Business <u>Ordinary Resolution</u> 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 _____ 2022

Signature/Common Seal of Shareholder

Notes:-

1. As a precautionary measure amid the outbreak of Coronavirus Disease ("COVID-19") pandemic, KAB shall conduct the 25th 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://sshb.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 25th 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 20 May 2022 ("General Meeting Record of Depositors") shall be eligible to participate, speak and vote at the AGM.
3. A member (including authorised nominee) entitled to attend and vote at the Meeting via RPV facilities, may appoint more than one (1) proxy to attend and vote at the AGM via RPV facilities, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main Market Listing Requirement of Bursa Securities, and the Rules of Bursa Malaysia Depository Sdn. Bhd. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the AGM via RPV facilities is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the AGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM via RPV facilities shall have the same rights as the member to attend, participate, speak and vote at the AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to eservices@sshb.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://sshb.net.my/>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**
8. **Publication of Notice of 25th AGM and Proxy Form on corporate website**
9. **Submission of Proxy Form in either hard copy form or electronic form**

Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of KAB at https://asastera.com/general_meeting.

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, 25 May 2022 at 9:30 a.m.):-

Mode of Submission	Designated Address
Hard copy	SS E Solutions Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@sshb.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://sshb.net.my/

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AFFIX
STAMP

Kejuruteraan Asastera Berhad
[Registration No. 199701005009 (420505-H)]
c/o SS E Solutions Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.

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Administrative Guide



SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

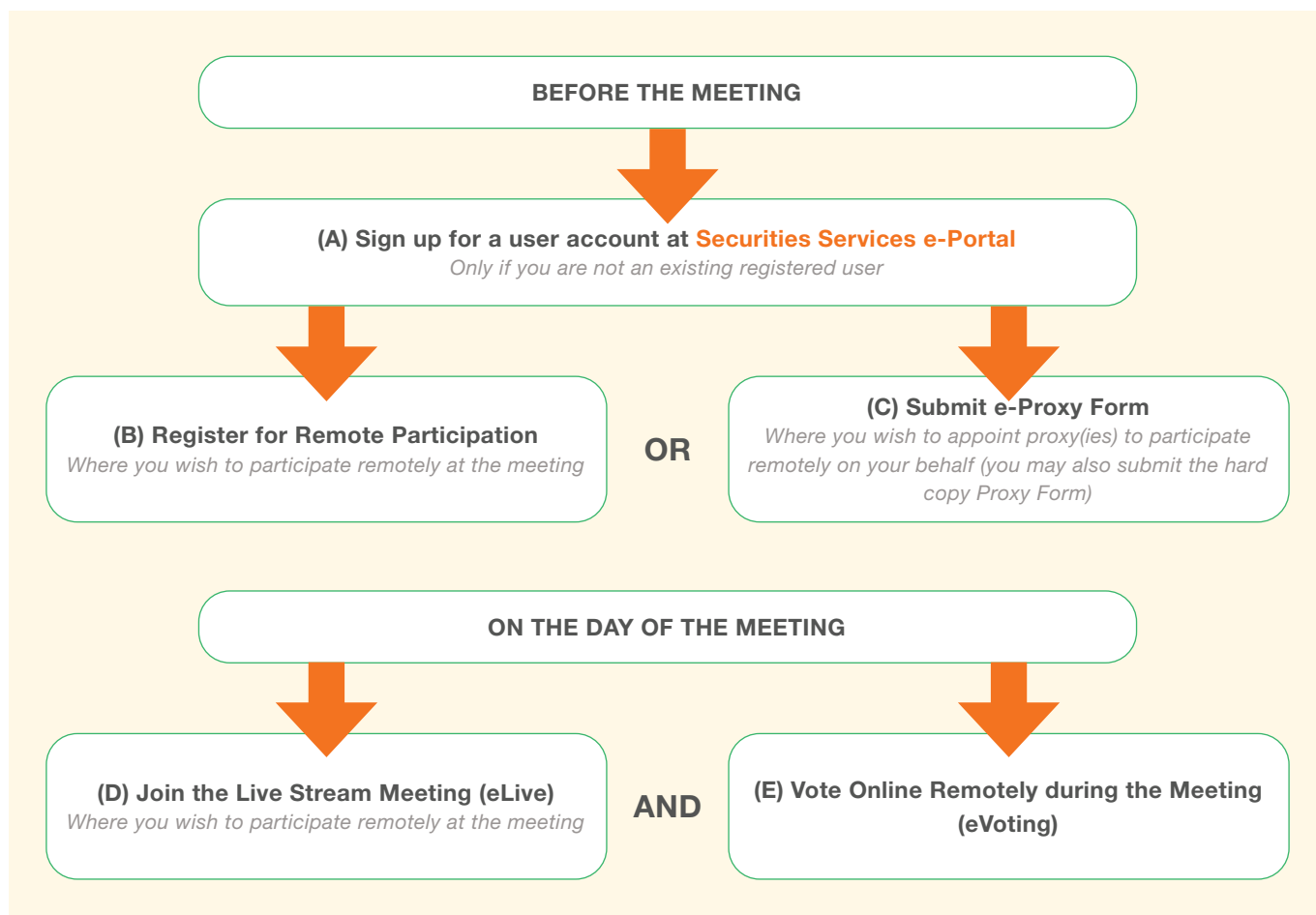
- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as “e-Services”).

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by 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. Lee Pei Yeng (DID: +603 2084 9169) or Ms. Rachel Ou (DID: +603 2084 9161) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. Alternatively, you may email us at eservices@sshbs.com.my.



Administrative Guide

BEFORE THE MEETING

(A) SIGN UP FOR A USER ACCOUNT AT SECURITIES SERVICES E-PORTAL

- | | |
|---|--|
| <p>Step 1 Visit https://sshbsb.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 25 May 2022

To submit e-Proxy Form under (C) below, please sign up for a user account by 23 May 2022, 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://sshbsb.net.my/> with your registered email and password.
- Look for **Kejuruteraan Asastera Berhad** under Company Name and **25th AGM on 27 May 2022 at 9:30 a.m. – Registration for Remote Participation** under Corporate Exercise / Event and click “>” to register for remote participation at the meeting.

- Step 1** Check if you are attending as –
- Individual shareholder
 - Corporate or authorised representative of a body corporate
- For body corporates, the appointed corporate / authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted at SS E Solutions 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 20 May 2022.
- 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.

Administrative Guide

(C) SUBMIT E-PROXY FORM

Meeting Date and Time	Proxy Form Submission Closing Date and Time
Friday, 27 May 2022 at 9:30 a.m.	Wednesday, 23 May 2022 at 9:30 a.m.

- Log in to <https://sshb.net.my/> with your registered email and password
- Look for **Kejuruteraan Asastera Berhad** under Company Name and **25th AGM on 27 May 2022 at 9:30 a.m. – Submission of Proxy Form** under Corporate Exercise / Event and click “>” to submit your proxy forms online for the meeting by the submission closing date and time above.

Step 1 Check if you are submitting the proxy form as –

- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate / authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted at SS E Solutions 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 23 MAY 2022.

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.

Administrative Guide

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, 27 May 2022 at 9:30 a.m.	Friday, 27 May 2022 at 9:00 a.m.

- Look for **Kejuruteraan Asastera Berhad** under Company Name and **25th AGM on 27 May 2022 at 9:30 a.m. – Live Stream Meeting** under Corporate Exercise / Event and click “>” to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman / Board / Management / relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(D) JOIN THE LIVE STREAM MEETING (ELIVE)

Meeting Date and Time	eVoting Access Date and Time
Friday, 27 May 2022 at 9:30 a.m.	Friday, 27 May 2022 at 9:30 a.m.

- If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.
OR
- If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **Kejuruteraan Asastera Berhad** under Company Name and **25th AGM on 27 May 2022 at 9:30 a.m. – Remote Voting** under Corporate Exercise / Event and click “>” to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder’s indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).



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