

Event Highlights



25 January 2022
MTN Danajamin Signing Ceremony

7 February 2022
CNY 2022 Celebration



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

Event Highlights

12 May 2022
Hari Raya 2022
Potluck Celebration



30 July 2022
Basic First Aid
Training



24 July 2022
Basic Fire Fighting
Training



7 September 2022
Mooncake Festival
Celebration



Event Highlights



10 September 2022
Gotong-royong at KAB Warehouse

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



22 December 2022
Christmas Party & Gifts
Exchange 2022

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



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



9 February 2023
Project Asters Signing
Ceremony between KABEH
and SUSB

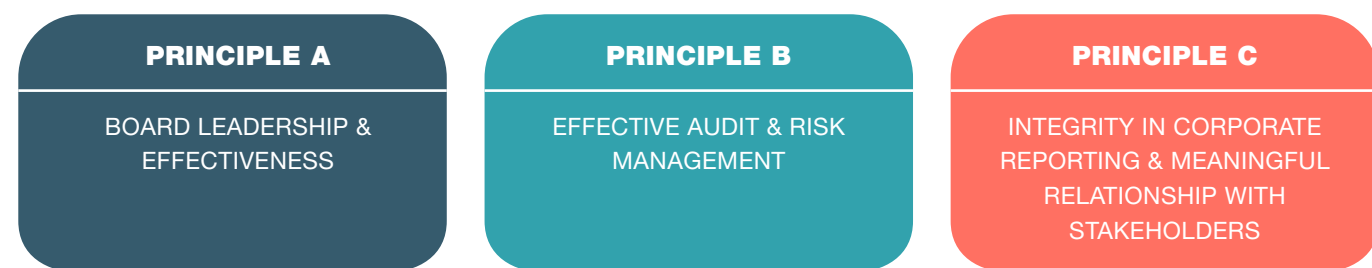


Corporate Governance Overview Statement

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

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

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



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

<https://asastera.com/>

KAB'S CORPORATE GOVERNANCE (“CG”) HIGHLIGHTS

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

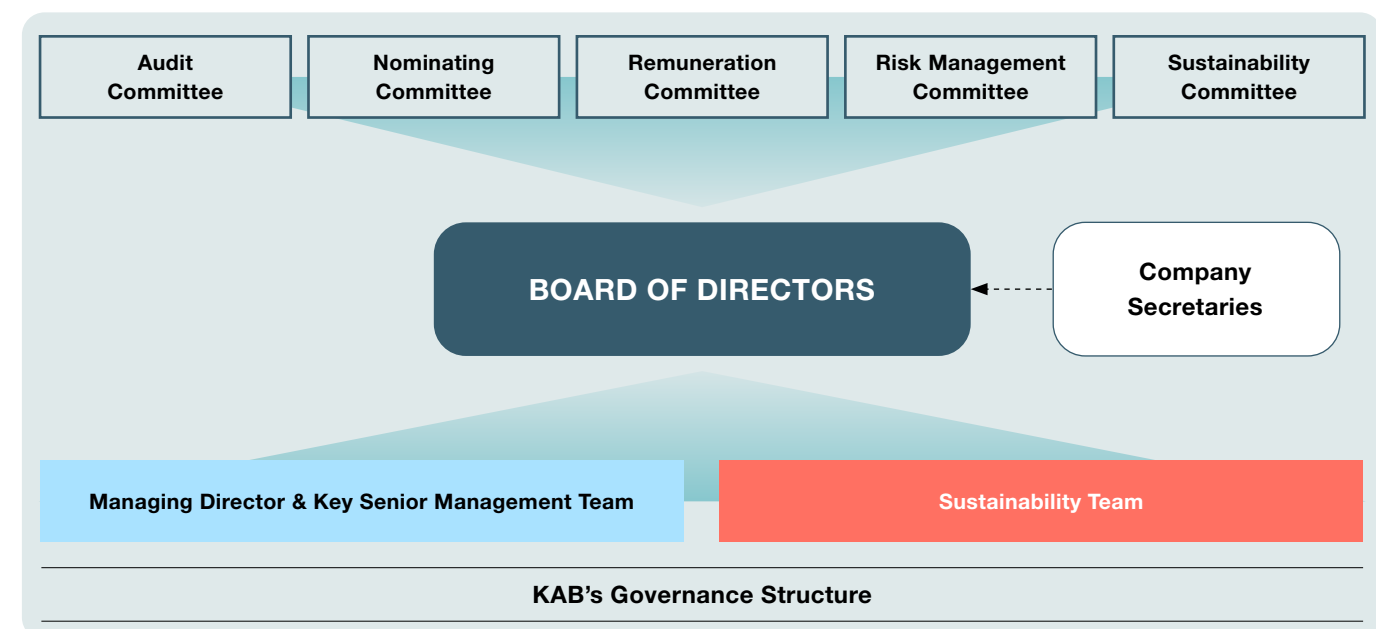
MCCG Practice	Applications by KAB
Practice 1.1: Key Responsibilities of the Board	<ul style="list-style-type: none"> ✓ Board’s strategic planning and direction to Executive Management. ✓ Group business overview and financial performance oversight. ✓ Risk Management oversight – assisted by Risk Management Committee (“RMC”). ✓ Human resources planning and remuneration – ensure Executive Management retain key senior management personnel with integrity and competence. ✓ Stakeholders’ communication – designated spokesperson for external parties and general public ✓ Internal Control and compliance – ensure robustness, adequate and with integrity.
Practice 5.8: Nominating Committee is chaired by an independent 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 6.1: Formal and objective evaluation on Board, its Committees and each individual director	<ul style="list-style-type: none"> ✓ Facilitated by the Company Secretaries, Ms. Tong, as the Chair of the NC led the annual review of board effectiveness, ensuring the performance of each Director, the Board Committees, as well as the Board as a whole were duly assessed by the NC and be documented by the Company Secretaries.

Corporate Governance Overview Statement

ADOPTION OF STEP-UP PRACTICES

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

MCCG Step-Up Practice	Applications by KAB
Step Up Practice 4.5: The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company	<ul style="list-style-type: none"> ✓ The Board has designated Ms. Lee, the General Manager for Corporate/ Human Resources as the Head of Sustainability Team (“SusTeam”). ✓ As a key senior management personnel, Ms. Lee has been tasked to lead the SusTeam which comprise representatives from various departments/ operations such as Finance, Corporate, Mechanical & Engineering Business Segment, and Energy Business Segment. ✓ Formation of Sustainability Committee (“SusComm”) with effect from 8 April 2022 and headed by Mr. Lu Chee Leong, an Independent Non-Executive Director. ✓ SusTeam has been tasked to report on sustainability matters to the SusComm on a regular basis.
Step Up Practice 9.4: The Audit Committee should comprise solely of independent directors	<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.
Step Up Practice 10.3: Risk Management Committee with a majority of independent directors	<ul style="list-style-type: none"> ✓ Formation of a Board-level Committee i.e. RMC since 17 November 2017. ✓ The RMC is chaired by Mr. Lu Chee Leong, an Independent Non-Executive Director. ✓ 66.7% of the RMC comprises INEDs and the remaining 33.3% are identified key senior management personnel – having due regards to the nature of business and operating environment of the core business of KAB.



Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

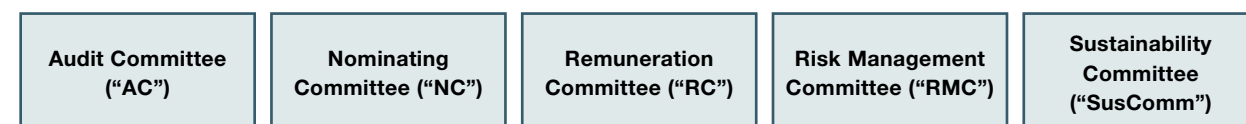
I. BOARD RESPONSIBILITIES

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:

Strategy planning

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

Overseeing the conduct of the Group's business

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

Corporate Governance Overview Statement

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

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

Succession planning

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

Shareholders' Communication Policy and Activities

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

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

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

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

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

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

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

Key roles of Chairman

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

Upholder of Good Corporate Governance Practices

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

Role separation of Chairman and Managing Director

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

Departure from Practice 1.4 of MCGG

Practice 1.4 of the MCGG 2021

- Chairman of the Board should not be a member of the Board Committee.

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

(C) Company Secretaries

2 Company Secretaries

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

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

Continuous Professional Development

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

Qualifications

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

Unrestricted access to the Company Secretaries

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

Salient duties of the Company Secretaries

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

(D) Supply and Access to Information

Ready access to information

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

Notification of Board Meetings

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

Dissemination of Board Papers

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

Written Procedure for Board’s Request of Professional Advices

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

Minutes of Board/ Committee Meetings

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

Intended Outcome 2.0

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

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

(E) Board Charter

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

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

Intended Outcome 3.0

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

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

(F) Code of Conduct and Ethics

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

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

Intended Outcome 4.0

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

(G) Sustainability strategies, priorities and target

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

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

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

II. BOARD COMPOSITION

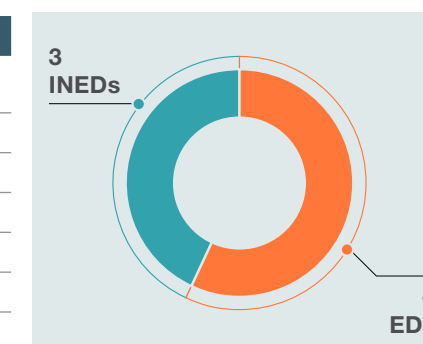
Intended Outcome 5.0

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

(A) Composition of the Board

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

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



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

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

(B) Tenure of Independent Directors

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

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

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

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

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

Corporate Governance Overview Statement

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

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

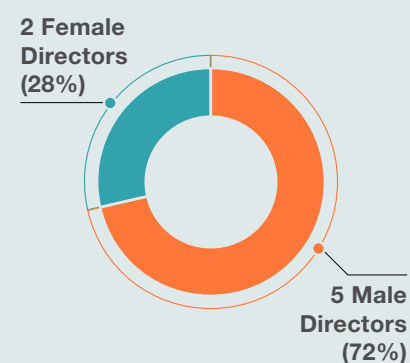
Re-appointment of Directors of the Company are in accordance with the Company's Constitution and good corporate governance practice. The performance of each Director of the Company was appraised by other Directors based on the characteristic of integrity, governance, participation, decision, independence,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

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

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

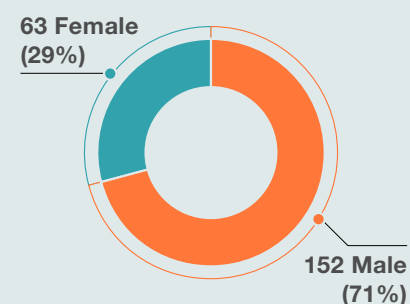
(D) Board Diversity

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



(E) Workforce Diversity

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



Corporate Governance Overview Statement

(F) Nominating Committee

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

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

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

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

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

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

- Reviewed and confirmed the minutes of the NC meeting held in FY2022;
- Examined the composition of the Board;
- Evaluated the effectiveness of the Board and the Committees of the Board as a whole;
- Evaluated the contribution and performance of each Director;
- Reviewed the independence of the Independent Directors;
- Reviewed and recommended to the Board on the re-election of the Directors on rotation at the forthcoming annual general meeting ("AGM") of the Company;
- Reviewed and recommended to the Board on the re-designation of the position of the Directors;
- Reviewed and recommended to the Board on the appointment of new Directors; and
- 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.

Corporate Governance Overview Statement

(H) Board Meeting

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

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

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

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

(I) Directors' Continuous Professional Development

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

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

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

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

Corporate Governance Overview Statement

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

Internal Remarks :

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

2023 Training Needs

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

(J) Annual Assessment of the Board

Intended Outcome 6.0

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

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

(a) Directors' self and peers performance evaluation

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

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

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

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

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

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

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

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

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

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

(c) Annual assessment of independence of Directors

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

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

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

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

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

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

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

(i) Re-election of existing Directors

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

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

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

- Dato' Lai Keng Onn; and
- Ms. Tong Siut Moi
(collectively, the "Retiring Directors").

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

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

Corporate Governance Overview Statement

(ii) Re-appointment to the Board

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

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

III. REMUNERATION

Intended Outcome 7.0

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

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

(A) Remuneration Committee ("RC")

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

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

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

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

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

- minutes of the RC held in FY2022;
- Directors' fees for the financial year ending 31 December 2022;
- 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 FY2022

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

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

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

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

Remarks:

- Employer's SOCSO & SIP are not included in the above figures.
- The figures above are expressed in MYR

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

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

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

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

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Intended Outcome 9.0

There is an effective and independent Audit Committee.

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

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

(A) Audit Committee and Risk Management Committee

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

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

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

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

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

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

Financial Reporting

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

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

Compliance with Applicable Financial Reporting Standards

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

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

Assessment of Suitability and Independence of External Auditors

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

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

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

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

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

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

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

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

Intended Outcome 10.0

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

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

(B) Risk Management and Internal Control

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

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

Intended Outcome 11.0

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

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

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

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

(A) Communication with Stakeholders

Intended Outcome 12.0

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

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

Corporate Disclosure Policy

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

Dissemination of Information

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

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

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

Communication and Engagement with Shareholders

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

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

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

(B) Conduct of General Meeting

Intended Outcome 13.0

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

Shareholders Participation at General Meeting

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

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

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

Poll Voting

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

STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE CODE

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

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

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

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

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

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

Audit Committee Report

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

COMPOSITION AND ATTENDANCES

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

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

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

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

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

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

TERMS OF REFERENCE

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

MEETINGS

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

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

Audit Committee Report

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

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

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

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

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

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

SUMMARY OF WORKS

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

1. Overview of Financial Performance and Reporting

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

2. Oversight of External Auditors

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

3. Related party transactions

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

4. Oversight of Internal Auditors

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

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

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

INTERNAL AUDIT FUNCTION

1. Appointment

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

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

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

Date of appointment	: 20 May 2021
Principal Engagement Director	: Mr. Roy Thean Chong Yew
Qualifications	: <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 FY2022, the Talent League engagement team personnel have affirmed to the AC that in relation to the Company/ Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.

2. Summary of Internal Audit Works for the FY2022

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

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

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

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

3. Total Costs Incurred for the FY2022

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

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

Statement on Risk Management and Internal Control

1. INTRODUCTION

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

2. BOARD RESPONSIBILITIES

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

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

3. RISK MANAGEMENT FRAMEWORK

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

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

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

Statement on Risk Management and Internal Control

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

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

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

4. INTERNAL CONTROL FRAMEWORK

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

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

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

5. MANAGEMENT WITH RESPONSIBILITIES AND ASSURANCE

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

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

Statement on Risk Management and Internal Control

6. BOARD ASSURANCE AND LIMITATION

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

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

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

7. CONCLUSION

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

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

8. REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

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

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

Additional Compliance Information

1. UTILISATION OF PROCEEDS

(i) Private Placement 2021

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

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

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

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

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

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

Additional Compliance Information

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

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

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

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

(ii) Private Placement 2022

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

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

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

Additional Compliance Information

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

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

(1) Proposed Private Placement 2022 has yet to be implemented as at the date of this Annual Report.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees incurred for services rendered to the Group and the Company by the external auditors for the financial year ended 31 December 2022 (“FY2022”) are as follows:-

	Group MYR ('000)	Company MYR ('000)
Audit Fees	167	80
Non-Audit Fees	25	20
Total	192	100

3. MATERIAL CONTRACTS

There is no material contract that the Group entered into during the financial year which involves the interest of the Director and major shareholders.

4. CONTRACTS RELATING TO LOANS

There is no contract relating to loan made by the Group involving interests of Directors and major shareholders during the financial year.

5. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”)

The Company did not seek mandate from its shareholders on RRPT during the FY2022.

Statement on Directors' Responsibility

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

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

The Directors consider that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2022:-

- the Group and the Company have adopted appropriate and suitable accounting policies and applied them consistently;
- the statement is supported by reasonable and prudent judgement and estimates;
- all applicable approved accounting standards in Malaysia, including but not limited to Malaysian Financial Reporting Standards ("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 27 April 2023.

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

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Directors' Report

for the financial year ended 31 December 2022

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group MYR	Company MYR
Profit for the financial year attributable to:		
Owners of the Company	2,856,043	3,665,182
Non-controlling interest	(67,049)	-
	2,788,994	3,665,182

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend any final dividend for the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for the doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the write off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

Directors' Report

for the financial year ended 31 December 2022

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

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

SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from 1,777,994,669 ordinary shares to 1,807,994,669 ordinary shares by way of an issue of:

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

The new ordinary shares issued during the year rank pari-passu in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

As at 31 December 2022, the Company held a total of 88,898 issued and paid-up ordinary shares as treasury shares. The treasury shares are held at a carrying amount of MYR4,231. The details on the treasury shares are disclosed in Note 19 to the financial statements.

WARRANTS

Pursuant to a Deed Poll dated 14 April 2021 ("Deed Poll"), the Company issued 845,902,607 new Warrants to the entitled shareholders of the Company pursuant to the Bonus Issue of Warrants.

The salient features of the Warrants as stated in the Deed Poll are as follows:

- (a) each Warrant entitles the registered holder to subscribe for one ordinary shares at an exercise price of MYR1.20 per ordinary share;
- (b) the exercise price and the number of Warrant are subjected to adjustment in accordance with the conditions provided in the Deed Poll;
- (c) where a resolution has been passed for a members' voluntary winding-up of the Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:
 - (i) for the purpose of such a winding-up, compromise or arrangement (other than a consideration amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holder (or some persons designated by them for such purpose by a special resolution of the holders of Warrant) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of Warrant; and
 - (ii) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or soon after it dispatched such notice to its shareholders, give notice thereof to all Warrant holders. Every Warrant holder shall thereupon be entitled, subject to the conditions set out in the Deed Pool, to exercise his Warrant at any time not more than 21 days prior to the proposed general meeting of the Company by submitting the subscription form (by irrevocable surrender of his Warrant to the Company) duly completed authorising the debiting of his Warrant together with payment of the relevant exercise price, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant new shares to the holder of the said Warrant credited as fully paid subject to the prevailing laws.

WARRANTS (CONT'D.)

- (d) the exercise period is approximately 3 years from the date of issue expiring on 29 April 2024; and
- (e) any Warrant not exercised during the exercise period will thereafter lapse and cease to be valid.

The Warrant was granted for listing and quotation with effect from 5 May 2021.

The number of unexercised Warrant at the end of the reporting period is 845,902,607.

DIRECTORS OF THE COMPANY

The directors of the Company in office at any time during the financial year and since the end of the financial year are:

Dato' Lai Keng Onn – Group Managing Director
Choong Gaik Seng
Lu Chee Leong
Tong Siut Moi
Datin Chan Pey Kheng
Goh Kok Boon
Datuk Dr. Ong Peng Su

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

Jonathan Wu Jo-Han
Lai Chuan Shenq
Jesudason Selvaraj
ChanChai Kitprotpisuth
Moo Yee Wan
Heng Boon Liang
Kong Chak Fung
Dato' Yau Kok Seng
Ong Kian Boon
Chiew Kian Giap (resigned on 12 December 2022)
Noor Azri Bin Dato' Sri Noor Azerai (resigned on 3 January 2023)
Mohd Idzwan Izuddin Bin Ab Rahman (resigned on 27 October 2022)
Mohd Rohaizee Bin Hashim (resigned on 27 October 2022)
Najman Bin Kamaruddin (resigned on 10 November 2022)
Muhammad Muhtadi Bin Mohamad Khazani (resigned on 10 November 2022)

Directors' Report

for the financial year ended 31 December 2022

DIRECTORS' INTERESTS

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares			
	As at 1/1/2022	Additions	Sold	As at 31/12/2022
Direct interest				
a) The Company				
Dato' Lai Keng Onn	529,670,600	23,450,000	120,741,000	432,379,600
Choong Gaik Seng	23,318,800	-	20,000,000	3,318,800
Goh Kok Boon	1,354,050	-	-	1,354,050
Datin Chan Pey Kheng	9,414,709	3,321,000	-	12,735,709
Indirect interest				
a) Corporate shareholder, Stocqtech Sdn. Bhd.				
Dato' Lai Keng Onn*	106,650,000	120,000,000	63,750,000	162,900,000
b) Corporate shareholder, Fastrans Venture Sdn. Bhd.				
Dato' Lai Keng Onn*	23,400,000	-	-	23,400,000

	Number of warrants			
	As at 1/1/2022	Additions	Sold	As at 31/12/2022
Direct interest				
a) The Company				
Dato' Lai Keng Onn	41,348,800	-	-	41,348,800
Goh Kok Boon	677,025	-	-	677,025
Datin Chan Pey Kheng	4,707,354	-	-	4,707,354
Indirect interest				
a) Corporate shareholder, Fastrans Venture Sdn. Bhd.				
Dato' Lai Keng Onn*	11,700,000	-	-	11,700,000

* Deemed interest in the shares and warrants held by Fastrans Ventures Sdn. Bhd. and Stocqtech Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

By virtue of Section 8 of the Companies Act, 2016, Dato' Lai Keng Onn is deemed to be interested in the shares of the subsidiary companies during the financial year to the extent the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

Directors' Report

for the financial year ended 31 December 2022

DIRECTORS' BENEFITS

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group MYR	Company MYR
Executive directors		
Salaries and defined contribution plan	2,701,440	2,701,440
Bonus	201,000	201,000
Allowances	276,000	276,000
Social security cost	3,340	3,340
Employment Insurance System	308	308
Benefits in kind	41,000	41,000
	3,223,088	3,223,088
Non-executive directors		
Fees	450,000	450,000
	3,673,088	3,673,088

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company during the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events are disclosed in Note 41 to the financial statements.

EVENT AFTER THE REPORTING PERIOD

Details of event after the reporting period are disclosed in Note 42 to the financial statements.

Directors' Report

for the financial year ended 31 December 2022

AUDITORS

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

Auditors' remuneration is as follows:

	Group MYR	Company MYR
Auditors' remuneration		
- Kreston John & Gan		
- Statutory audit	156,500	100,000
- Other services	13,000	13,000
- Other auditor	35,601	-
	205,101	113,000

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

Dato' Lai Keng Onn

Kuala Lumpur,
Date: 27 April 2023

Goh Kok Boon

Independent Auditors' Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kejuruteraan Asastera Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 123 to 211.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

(Refer to summary of significant accounting policies in Note 3(n) and the disclosure of revenue in Note 25 to the financial statements)

A significant proportion of the Group's and the Company's revenues are derived from construction contracts which span more than one accounting period. For the financial year ended 31 December 2022, revenue from construction contracts of the Group and the Company of MYR153,539,859 accounted for approximately 82% and 88% of the Group's and the Company's revenue respectively. For these construction contracts where revenue is recognised over time, the Group and the Company use an input method in measuring progress towards complete satisfaction of the Group's and the Company's performance obligation, which is based on the contract costs incurred for work performed to-date relative to the total estimated costs.

Independent Auditors' Report

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

Key Audit Matters (Cont'd.)

Revenue Recognition (Cont'd.)

We identified revenue from construction contracts as an area requiring audit focus as significant management's judgement and estimates are involved in estimating the extent of the contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction costs, which are used to determine progress towards complete satisfaction of the Group's and the Company's performance obligation of the construction activities undertaken by the Group and the Company.

Our procedures to address this area of audit focus include, amongst others, the following:

- Obtained an understanding of the Group's and the Company's processes and controls over revenue recognition and recording of cost of sales, including controls performed by management in estimating the total estimated costs of construction activities;
- Reviewed construction cost budgets by agreeing subcontractor costs to letters of award, purchase orders, quotations and/or latest revisions of these documents on a sampling basis;
- With respect to variations to contract works and claims for costs not included in the contract price, we agreed the amounts to approved variation order forms, independent architect certificates and/or correspondences with the customers and subcontractors;
- Tested actual costs incurred by examining evidence such as contractors' progress claims and suppliers' invoices on a sampling basis;
- Agreed the contract sum to contracts with customers on a sampling basis and recomputed revenue recognised during the financial year using the input method by comparing total costs incurred against total estimated costs; and
- Reviewed the adequacy of the Group's and the Company's disclosures relating to construction contracts.

Expected Credit Loss on Trade Receivables and Contract Assets

(Refer to summary of significant accounting policies in Note 3(h)(i) and the disclosure of expected credit loss in Note 36(c)(i) to the financial statements)

As at 31 December 2022, the Group and the Company recorded trade receivables and contract assets totaling MYR150,705,929 and MYR146,567,951 respectively.

Management adopted a simplified approach of using lifetime expected credit loss ("ECL") in measuring the ECL for trade receivables and contract assets balances, incorporating historical loss rate being adjusted to reflect current and forward-looking information on macroeconomic factors.

We considered this as a key audit matter due to the judgements and estimates involved in the application of the ECL model.

Our procedures to address this area of audit focus include, amongst others, the following:

- Evaluate the valuation methodology and model used by management to ascertain that these have been consistently applied by management;
- Tested the accuracy of the ageing against supporting documents on a sampling basis;
- Assessed and considered the reasonableness of the historical loss and forward-looking information as well as discussed with management to understand the judgements and estimates involved in applying the simplified approach of using lifetime ECL on trade receivables and contract assets; and
- Evaluated the adequacy of the Group's and the Company's disclosures included in the financial statements.

Independent Auditors' Report

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

Key Audit Matters (Cont'd.)

Capitalisation of Property, Plant and Equipment

(Refer to summary of significant accounting policies in Note 3(c) and the disclosure of property, plant and equipment in Note 4 to the financial statements)

The Group continues to invest in significant capital projects with additions in capital expenditure of MYR8,623,661 during the year.

The significant level of capital expenditure requires consideration of the nature of costs incurred to ensure that capitalisation of property, plant and equipment meets the specific recognition criteria in MFRS 116: Property, Plant and Equipment, and the application of the directors' judgement in assigning appropriate useful economic lives. As a result, this was noted as a key audit matter.

Our procedures to address this area of audit focus include, amongst others, the following:

- Assessed the nature of property, plant and equipment capitalised by the Group to test on a sampling basis the validity of amounts capitalised;
- Considered whether capitalisation of assets ceased when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the Group; and
- Challenged the useful economic lives assigned with reference to our understanding of the future utilisation of assets by the Group and by reference to the depreciation policies applied by third parties operating similar assets.

Borrowings

(Refer to summary of significant accounting policies in Note 3(b) and the disclosure of borrowings in Note 21 to the financial statements)

The Group's and the Company's growth is typically funded through a combination of available cash generated through operations, capital raising and borrowings from financial institutions.

As at 31 December 2022, the Group and the Company had total borrowings of MYR77,555,185 and MYR40,301,875, representing 52% and 37% of the total liabilities of the Group and the Company respectively.

Given the size of the borrowings balance and the importance of the capital structure for continued growth, the accounting for the Group's and the Company's borrowings is considered a key audit matter.

Our procedures to address this area of audit focus include, amongst others, the following:

- Obtained confirmation from the financial institutions to confirm all significant borrowings;
- Read the agreements between the Group or the Company and its financiers to understand the terms associated with the facilities and the amount of facility available for drawdown; and
- Where debt is regarded as non-current, tested whether the Group and the Company has the unconditional right to defer payment such that there were no repayments required within 12 months from the reporting date.

Independent Auditors' Report

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditors' report, and the Group's Annual Report, which is expected to be made available to us after the date of this auditors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report

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

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

Kreston John & Gan
(AF 0113)
Chartered Accountants

Kuala Lumpur,
Date: 27 April 2023

Yong Chung Sin
Approval No: 02892/04/2024 J
Chartered Accountant

Consolidated Statement of Financial Position

as at 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	46,709,863	41,066,985
Investment properties	5	20,630,765	17,402,243
Right-of-use assets	6	2,127,241	2,079,917
Intangible assets	8	8,654,398	8,966,196
Deferred tax assets	9	348,364	129,026
Other investment	10	5,678,950	-
Trade receivables	11	9,679,263	11,065,333
Total Non-Current Assets		93,828,844	80,709,700
Current Assets			
Inventories	12	586,876	890,746
Trade receivables	11	72,640,165	64,572,248
Contract assets	13	68,386,501	60,950,861
Other receivables, deposits and prepayments	14	3,740,840	7,519,102
Deposits with licensed banks	16	34,835,647	35,577,583
Cash and bank balances		12,652,711	8,781,557
Current tax assets		246,269	-
Total Current Assets		193,089,009	178,292,097
Total Assets		286,917,853	259,001,797
EQUITY AND LIABILITIES			
Equity Attributable to Owners of the Company			
Share capital	17	103,597,253	93,809,253
Foreign currency translation reserve	18	(2,684)	33,130
Treasury shares	19	(4,231)	(4,231)
Retained profits	20	33,252,031	30,395,988
		136,842,369	124,234,140
Non-controlling interest		174,789	241,989
Total Equity		137,017,158	124,476,129
Non-Current Liabilities			
Deferred tax liabilities	9	1,147,518	1,139,818
Borrowings	21	34,960,142	29,247,908
Lease liabilities	22	365,442	696,118
Trade payables	23	4,167,594	4,070,488
Total Non-Current Liabilities		40,640,696	35,154,332
Current Liabilities			
Borrowings	21	42,595,043	38,870,869
Lease liabilities	22	280,349	374,839
Trade payables	23	54,160,983	43,638,118
Contract liabilities	13	10,094,804	11,797,295
Other payables and accruals	24	2,128,820	3,704,547
Current tax liabilities		-	985,668
Total Current Liabilities		109,259,999	99,371,336
Total Liabilities		149,900,695	134,525,668
Total Equity and Liabilities		286,917,853	259,001,797

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR
Revenue	25	187,002,510	174,722,628
Cost of sales		(158,916,474)	(144,306,913)
Gross profit		28,086,036	30,415,715
Other income	26	2,902,556	1,815,395
Administrative expenses		(22,238,947)	(21,456,239)
Profit from operations		8,749,645	10,774,871
Finance costs	27	(3,832,490)	(3,275,260)
Profit before taxation	28	4,917,155	7,499,611
Income tax expense	31	(2,128,161)	(3,399,614)
Profit for the financial year		2,788,994	4,099,997
Other comprehensive income:			
- foreign currency translation differences for foreign operations		(35,814)	40,551
Total comprehensive income for the financial year		2,753,180	4,140,548
Profit for the financial year attributable to:			
Owners of the Company		2,856,043	4,071,868
Non-controlling interest		(67,049)	28,129
		2,788,994	4,099,997
Total comprehensive income for the financial year attributable to:			
Owners of the Company		2,820,229	4,112,419
Non-controlling interest		(67,049)	28,129
		2,753,180	4,140,548
Basis earnings per share (sen)	32	0.16	0.27
Diluted earnings per share (sen)	32	0.09	0.17

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

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2022

	Note	Non-Distributable			Distributable	Total MYR	Non-controlling interest MYR	Total equity MYR
		Share capital MYR	Foreign currency translation reserve MYR	Treasury shares MYR	Retained profits MYR			
Balance as at 1 January 2021		53,299,463	(7,421)	(4,231)	26,781,307	80,069,118	(102,387)	79,966,731
<i>Transactions with owners:</i>								
Issuance of shares (Note 17)		40,509,790	-	-	-	40,509,790	-	40,509,790
Acquisition of non-controlling interests in subsidiary companies		-	-	-	-	-	316,247	316,247
Total transactions with owners		40,509,790	-	-	-	40,509,790	316,247	40,826,037
Total comprehensive income for the financial year		-	40,551	-	4,071,868	4,112,419	28,129	4,140,548
Balance as at 31 December 2021		93,809,253	33,130	(4,231)	30,853,175	124,691,327	241,989	124,933,316
- As previously reported		93,809,253	33,130	(4,231)	30,853,175	124,691,327	241,989	124,933,316
- Effects of finalisation of purchase price allocation	40	-	-	-	(457,187)	(457,187)	-	(457,187)
		93,809,253	33,130	(4,231)	30,395,988	124,234,140	241,989	124,476,129
<i>Transactions with owners:</i>								
Issuance of shares (Note 17)		9,788,000	-	-	-	9,788,000	-	9,788,000
Acquisition of non-controlling interests in subsidiary companies		-	-	-	-	-	(151)	(151)
Total transactions with owners		9,788,000	-	-	-	9,788,000	(151)	9,787,849
Total comprehensive income for the financial year		-	(35,814)	-	2,856,043	2,820,229	(67,049)	2,753,180
Balance as at 31 December 2022		103,597,253	(2,684)	(4,231)	33,252,031	136,842,369	174,789	137,017,158

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

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
Cash flows from operating activities			
Profit before taxation		4,917,155	7,499,611
Adjustments for:			
Depreciation of property, plant and equipment		3,534,178	2,969,053
Depreciation of investment properties		292,867	162,921
Depreciation of right-of-use assets		606,027	526,238
Amortisation of intangible assets		451,798	-
Gain on disposal of property, plant and equipment		-	(55,999)
Loss on property, plant and equipment written off		59,807	38,195
Loss on disposal of right-of-use assets		12,000	-
Unwinding of discount on trade receivables		(483,573)	(456,436)
Impairment loss on trade receivables		120,500	400,000
Reversal of impairment loss on trade receivables		(28,000)	(482,500)
Interest income		(517,026)	(390,664)
Interest expenses		3,662,005	3,115,646
Bargain purchase gain on acquisition		(1,638,077)	-
Operating profit before working capital changes		10,989,661	13,326,065
Changes in working capital:			
Inventories		545,554	(562,722)
Trade receivables		(6,625,874)	(27,435,860)
Other receivables, deposits and prepayments		4,556,519	(486,733)
Contract assets/liabilities		(9,138,131)	744,987
Trade payables		10,619,971	2,827,759
Other payables and accruals		(1,575,727)	(2,709,864)
Cash generated from/(used in) operations		9,371,973	(14,296,368)
Interest received		517,026	390,664
Interest paid		(3,662,005)	(3,115,646)
Taxes paid		(3,362,398)	(3,209,864)
Tax refunded		10,000	-
Net cash generated from/(used in) operating activities		2,874,596	(20,231,214)
Balance carried forward		2,874,596	(20,231,214)

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
Balance brought forward		2,874,596	(20,231,214)
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,623,661)	(13,883,312)
Purchase of investment properties	5	(252,747)	(3,480,070)
Additions to right-of-use assets	6	(420,514)	(266,817)
Purchase of other investment		(5,678,950)	-
Net cash outflow on acquisition of a subsidiary		(1,308,104)	(6,896,412)
Acquisition of non-controlling interests in subsidiary companies		(151)	316,247
Proceeds from disposal of right-of-use assets		175,000	-
Proceeds from disposal of property, plant and equipment		-	56,000
Net cash used in investing activities		(16,109,127)	(24,154,364)
Cash flows from financing activities			
Drawdown of term loans		5,912,962	7,871,324
Drawdown of medium term notes	33	19,950,000	-
Repayment of term loans		(20,068,159)	(940,901)
Repayment of lease liabilities	33	(525,166)	(380,320)
Net (repayment of)/proceeds from other borrowings	33	(2,265,162)	14,056,078
Fixed deposits pledged as securities		(4,087,028)	(12,215,383)
Proceeds from issuance of new shares	17	9,788,000	40,509,790
Net cash generated from financing activities		8,705,447	48,900,588
Net (decrease)/increase in cash and cash equivalents		(4,529,084)	4,515,010
Cash and cash equivalents at the beginning of the financial year		4,723,372	167,000
Effect of foreign exchange rate changes		(73,138)	41,362
Cash and cash equivalents at the end of the financial year	34	121,150	4,723,372

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

Statement of Financial Position

as at 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	4,187,718	4,519,078
Investment properties	5	14,517,491	12,420,774
Right-of-use assets	6	1,732,753	1,964,417
Investment in subsidiary companies	7	147,992	147,841
Deferred tax assets	9	69,026	69,026
Trade receivables	11	9,679,263	11,065,333
Total Non-Current Assets		30,334,243	30,186,469
Current Assets			
Trade receivables	11	69,267,808	63,687,484
Contract assets	13	67,620,880	60,950,861
Other receivables, deposits and prepayments	14	563,503	652,581
Amount due from subsidiary companies	15	45,595,415	35,329,162
Deposits with licensed banks	16	33,356,463	35,103,888
Cash and bank balances		2,330,075	2,100,594
Current tax assets		141,663	-
Total Current Assets		218,875,807	197,824,570
Total Assets		249,210,050	228,011,039
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	103,597,253	93,809,253
Treasury shares	19	(4,231)	(4,231)
Retained profits	20	38,130,617	34,465,435
Total Equity		141,723,639	128,270,457
Non-Current Liabilities			
Borrowings	21	5,306,530	5,716,747
Lease liabilities	22	279,197	584,533
Trade payables	23	4,167,594	4,070,488
Total Non-Current Liabilities		9,753,321	10,371,768
Current Liabilities			
Borrowings	21	34,995,345	35,119,803
Lease liabilities	22	255,008	350,695
Trade payables	23	50,515,992	38,130,503
Contract liabilities	13	10,094,804	11,797,295
Other payables and accruals	24	1,463,329	2,641,070
Amount due to subsidiary companies	15	408,612	321,114
Current tax liabilities		-	1,008,334
Total Current Liabilities		97,733,090	89,368,814
Total Liabilities		107,486,411	99,740,582
Total Equity and Liabilities		249,210,050	228,011,039

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

Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR
Revenue	25	173,786,444	167,826,823
Cost of sales		(152,873,105)	(142,891,700)
Gross profit		20,913,339	24,935,123
Other income	26	1,258,256	1,714,568
Administrative expenses		(14,468,449)	(15,914,202)
Profit from operations		7,703,146	10,735,489
Finance costs	27	(1,991,858)	(1,740,816)
Profit before taxation	28	5,711,288	8,994,673
Income tax expense	31	(2,046,106)	(3,416,614)
Profit for the financial year, representing total comprehensive income for the financial year		3,665,182	5,578,059

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

Statement of Changes in Equity

for the financial year ended 31 December 2022

	← Non-Distributable →		Distributable	Total MYR
	Share capital MYR	Treasury shares MYR	Retained profit MYR	
Balance as at 1 January 2021	53,299,463	(4,231)	28,887,376	82,182,608
<i>Transactions with owners:</i>				
Issuance of share (Note 17)	40,509,790	-	-	40,509,790
Total comprehensive income for the financial year	-	-	5,578,059	5,578,059
Balance as at 31 December 2021	93,809,253	(4,231)	34,465,435	128,270,457
<i>Transactions with owners:</i>				
Issuance of share (Note 17)	9,788,000	-	-	9,788,000
Total comprehensive income for the financial year	-	-	3,665,182	3,665,182
Balance as at 31 December 2022	103,597,253	(4,231)	38,130,617	141,723,639

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

Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
Cash flows from operating activities			
Profit before taxation		5,711,288	8,994,673
Adjustments for:			
Depreciation of property, plant and equipment		343,345	406,957
Depreciation of investment properties		250,620	141,216
Depreciation of right-of-use assets		565,177	486,638
Unwinding of discount on trade receivables		(483,573)	(456,436)
Loss on disposal of right-of-use assets		12,000	-
Gain on disposal of property, plant and equipment		-	(55,999)
Property, plant and equipment written off		-	4,747
Impairment loss on trade receivables		120,500	400,000
Reversal of impairment loss on trade receivables		(28,000)	(482,500)
Interest expense		1,821,373	1,581,202
Interest income		(464,690)	(381,765)
Operating profit before working capital changes		7,848,040	10,638,733
Changes in working capital:			
Trade receivables		(6,054,251)	(21,739,807)
Other receivables, deposits and prepayments		89,078	484,004
Amount due from subsidiary companies		(10,266,253)	(29,552,770)
Contract assets/liabilities		(8,372,510)	744,987
Trade payables		12,482,595	(1,707,347)
Other payables and accruals		(1,177,741)	(174,856)
Amount due to subsidiary companies		87,498	321,114
Cash used in operations		(5,363,544)	(40,985,942)
Interests paid		(1,821,373)	(1,581,202)
Interests received		464,690	381,765
Taxes paid		(3,196,103)	(3,197,198)
Net cash used in operating activities		(9,916,330)	(45,382,577)
Balance carried forward		(9,916,330)	(45,382,577)

Statement of Cash Flows

for the financial year ended 31 December 2022

	Note	2022 MYR	2021 MYR (Restated)
Balance brought forward		(9,916,330)	(45,382,577)
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,984)	(146,966)
Purchase of investment properties	5	(96,267)	(370,323)
Additions to right-of-use assets	38	(420,514)	(266,817)
Cash outflow on acquisition of subsidiaries		(151)	(146,201)
Proceeds from disposal of property, plant and equipment		175,000	56,000
Proceeds from disposal of subsidiaries		-	1,000,851
Net cash (used in)/generated from investing activities		(353,916)	126,544
Cash flows from financing activities			
Drawdown of term loans	33	96,267	1,699,066
Repayment of term loans	33	(334,783)	(303,003)
Repayment of lease liabilities	33	(501,023)	(357,371)
Net (repayment of)/proceeds from other borrowings	33	(4,165,162)	14,056,078
Fixed deposits pledged as securities		(3,363,905)	(11,741,688)
Proceeds from issuance of new shares	17	9,788,000	40,509,790
Net cash generated from financing activities		1,519,394	43,862,872
Net decrease in cash and cash equivalents		(8,750,852)	(1,393,161)
Cash and cash equivalents at the beginning of the financial year		(1,497,577)	(104,416)
Cash and cash equivalents at the end of the financial year	34	(10,248,429)	(1,497,577)

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

Notes to the Financial Statements

31 December 2022

1. GENERAL INFORMATION

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

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

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

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

The consolidated financial statements as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiary companies (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other entities.

The Company is principally engaged in the business of the provision of electrical and mechanical engineering services. The principal activities of the subsidiary companies are set out in Note 7.

These financial statements were authorised for issue by the Board of Directors on 27 April 2023.

2. BASIS OF PREPARATION

a) Statement of compliance

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

The Group and the Company have applied the following accounting standards, interpretations and amendments of the MFRSs for the first-time for the financial year beginning on 1 January 2022:

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

The application of the accounting standards, amendments or interpretations do not have any material financial impacts to the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (CONT'D.)**a) Statement of compliance (Cont'd.)**

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

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

- MFRS 17, Insurance Contracts
- Amendment to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Error – Definition of Accounting Estimates
- Amendment to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-Current Liabilities with Covenants

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

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial period when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group and the Company upon their first adoption.

b) Basis of measurement

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

c) Functional and presentation currency

These financial statements are presented in Malaysian Ringgit ("MYR"), which is also the Company's functional currency.

2. BASIS OF PREPARATION (CONT'D.)**d) Use of estimates and judgements**

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are as follows:

i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. Management estimated that useful life of these assets to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's and the Company's property, plant and equipment at the reporting date are disclosed in Note 4.

ii) Measurement of Expected Credit Loss ("ECL") allowance for trade receivables and contract assets

The Group and the Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The information about the ECLs on the Group's and the Company's trade receivables and contract assets is disclosed in Note 36(c)(i).

iii) Revenue from construction contracts

Revenue from construction contracts is recognised over time on a percentage of completion method, i.e. based on the proportion of contract costs incurred for work performed to-date relative to the estimated total contract costs. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation, the extent of the contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction costs. In making these judgements, the Group and the Company evaluate based on past experience and by relying on the work of specialists. The carrying amounts of assets and liabilities of the Group and the Company arising from construction contracts are disclosed in Note 25.

iv) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are given in Note 8.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

a) Basis of consolidation**i) Subsidiaries**

Subsidiaries are entities, including special purpose entity, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

ii) Business combinations

Business combinations are accounted for by using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**a) Basis of consolidation (Cont'd.)****iii) Acquisitions from entities under common control**

Business combinations arising from transfer of interests in entities that are under the control of the shareholders that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparative are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

iv) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**b) Financial instruments****i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii) Financial instrument categories and subsequent measurement**Financial assets**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

A. Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**b) Financial instruments (Cont'd.)****ii) Financial instrument categories and subsequent measurement (Cont'd.)****Financial assets (Cont'd.)****B. Fair value through other comprehensive income****I. Debt investments**

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

II. Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

C. Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(h)(i)).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**b) Financial instruments (Cont'd.)****ii) Financial instrument categories and subsequent measurement (Cont'd.)****Financial liabilities**

After initial recognition, all financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost.

A. Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

After initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- I. if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- II. a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- III. if a contract contains one or more embedded derivatives and the host is not a financial asset within the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

B. Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses are also recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**b) Financial instruments (Cont'd.)****iii) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of:

- A. The amount of the loss allowance; and
- B. The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

iv) Regular way purchase or sales of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- A. the recognition of an asset to be received and the liability to pay for it on the trade date, and
- B. derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**c) Property, plant and equipment****i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost where appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "administrative expenses" respectively in profit or loss.

ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised in profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**c) Property, plant and equipment (Cont'd.)****iii) Depreciation (Cont'd.)**

Depreciation is recognised in profit or loss over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Assets under construction are not depreciated until the assets are ready for their intended use. Freehold land is not depreciated as it has indefinite life. The depreciation method and principal annual rate of depreciation for other property, plant and equipment are as follows:

	Rate (%)	Depreciation method
Buildings	2	Straight-line
Furniture, fittings and equipment	10 - 20	Straight-line
Electrical equipment	20	Straight-line
Motor vehicles	20	Straight-line
Renovation	20	Straight-line
Telecommunication tower	10	Straight-line
Plant and machinery	4 - 12.5	Straight-line
Power plant	-	Unit of production based on hours

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted prospectively as appropriate.

d) Leases**i) Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer for this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**d) Leases (Cont'd.)****i) Definition of a lease (Cont'd.)**

At inception or a reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for lease of properties in which the Group and the Company are a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

ii) Recognition and initial measurement**a) As a lessee**

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective entity's incremental borrowing rate. Generally, the Group and the Company use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonable certain not to terminate early.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**d) Leases (Cont'd.)****ii) Recognition and initial measurement (Cont'd.)****b) As a lessor**

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

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

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

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

iii) Subsequent measurement**a) As a lessee**

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

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

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

b) As a lessor

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**e) Intangible assets****Goodwill**

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

Goodwill with indefinite useful life is not amortised but is tested for impairment annually and whenever there is an indication that the carrying amount may be impaired.

f) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. Freehold land is not depreciated as it has indefinite life. The principal annual rate of depreciation for other investment properties are as follows:

	Rate %
Buildings	2
Leasehold land	1

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

g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. These also include bank overdrafts that form an integral part of the Group's and the Company's cash management.

h) Impairment of assets**i) Financial assets**

The Group and the Company recognise loss allowances for expected credit losses on financial assets and financial guarantees measured at amortised cost or fair value through comprehensive income, except for investments in equity instruments, and interest in subsidiaries and associates.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured as 12 months expected credit loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**h) Impairment of assets (Cont'd.)****i) Financial assets (Cont'd.)**

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

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

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

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

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

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

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

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**h) Impairment of assets (Cont'd.)****ii) Other assets**

The carrying amounts of other assets (except for contract assets, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

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

i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**j) Foreign currency**

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated into the functional currency using the exchange rates at the reporting date (i.e. the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction (i.e. historical rate). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The assets and liabilities of foreign operations are translated into MYR at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

i) Issue expenses

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

ii) Ordinary shares

Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**l) Employee benefits****i) Short-term employee benefits**

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

ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund in Malaysia. Such contributions are recognised as an expense in the profit or loss as incurred.

m) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

n) Revenue and other income

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

i) Construction contracts

Revenue from construction contracts is recognised over time. The Group and the Company use an input method in measuring progress of the construction contracts. The Group and the Company recognise revenue on the basis of the contract costs incurred for work performed to-date relative to the total estimated costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

ii) Services rendered

Revenue from services is recognised over time using the output method. The Group and the Company recognise revenue from services in the amount to which the Group and the Company has a right to invoice because the right to consideration from the customers corresponds directly with the value to the customers of the Group's and the Company's performance completed to-date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**n) Revenue and other income (Cont'd.)****iii) Goods sold**

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of goods and services taxes and discounts.

iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset is accounted for in accordance with the accounting policy on borrowing costs.

o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**p) Income tax (Cont'd.)**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, or the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or to realise the tax assets and settle the tax liabilities simultaneously.

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

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

q) Operating segments

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

r) Earnings per share

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**s) Contingencies****i) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

ii) Contingent assets

When the inflow of economic benefits of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefits is virtually certain, then the related asset is recognised.

t) Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

Notes to the Financial Statements

31 December 2022

4. PROPERTY, PLANT AND EQUIPMENT

Group	At cost								
	As at 1.1.2022 MYR	Acquisition of a subsidiary company MYR	Additions MYR	Written off MYR	Transfer to inventories MYR	Reclassification MYR	Transfer from right-of-use assets (Note 6) MYR	Translation differences MYR	As at 31.12.2022 MYR
Freehold land	260,000	-	-	-	-	-	-	-	260,000
Buildings	4,215,913	938,656	-	-	-	-	-	-	5,154,569
Furniture, fittings and equipment	1,561,023	-	651,287	(29,400)	-	-	-	542	2,183,452
Electrical equipment	8,489,439	-	476,379	-	(241,684)	-	-	37,295	8,761,429
Motor vehicles	2,217,181	-	-	-	-	-	565,692	-	2,782,873
Renovation	727,197	-	-	(9,475)	-	-	-	-	717,722
Telecommunication tower	-	119,827	800,000	-	-	-	-	-	919,827
Plant and machinery	26,292,613	-	1,272,331	-	-	-	-	-	27,564,944
Power plant	-	-	-	-	-	6,297,366	-	-	6,297,366
Capital work-in-progress	5,430,109	-	5,423,664	(25,000)	-	(6,297,366)	-	-	4,531,407
	49,193,475	1,058,483	8,623,661	(63,875)	(241,684)	-	565,692	37,837	59,173,589

Group	Accumulated depreciation							
	As at 1.1.2022 MYR	Acquisition of a subsidiary company MYR	Charge for the financial year MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	Translation differences MYR	As at 31.12.2022 MYR	
Buildings	536,607	240,922	92,647	-	-	-	870,176	
Furniture, fittings and equipment	1,036,304	-	219,694	(2,647)	-	486	1,253,837	
Electrical equipment	292,842	-	521,125	-	-	27	813,994	
Motor vehicles	1,998,890	-	105,759	-	565,691	-	2,670,340	
Renovation	717,840	-	1,303	(1,421)	-	-	717,722	
Telecommunication tower	-	-	-	-	-	-	-	
Plant and machinery	3,544,007	-	2,496,312	-	-	-	6,040,319	
Power plant	-	-	97,338	-	-	-	97,338	
	8,126,490	240,922	3,534,178	(4,068)	565,691	513	12,463,726	

Notes to the Financial Statements

31 December 2022

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

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

Group	Accumulated depreciation							
	As at 1.1.2021 MYR	Acquisition of subsidiary companies MYR	Charge for the financial year (Note 28) MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	Translation differences MYR	As at 31.12.2021 MYR
Buildings	447,089	-	89,518	-	-	-	-	536,607
Furniture, fittings and equipment	915,196	-	199,894	-	(71,458)	-	(7,328)	1,036,304
Electrical equipment	142,895	-	155,893	-	(5,946)	-	-	292,842
Motor vehicles	1,928,709	-	112,991	(220,959)	-	178,149	-	1,998,890
Renovation	675,289	-	42,551	-	-	-	-	717,840
Plant and machinery	-	1,175,801	2,368,206	-	-	-	-	3,544,007
	4,109,178	1,175,801	2,969,053	(220,959)	(77,404)	178,149	(7,328)	8,126,490

Notes to the Financial Statements

31 December 2022

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

Group	← Net carrying amount →	
	As at 31.12.2022 MYR	As at 31.12.2021 MYR
Freehold land	260,000	260,000
Buildings	4,284,393	3,679,306
Furniture, fittings and equipment	929,615	524,719
Electrical equipment	7,947,435	8,196,597
Motor vehicles	112,533	218,291
Renovation	-	9,357
Telecommunication tower	919,827	-
Plant and machinery	21,524,625	22,748,606
Power plant	6,200,028	-
Capital work-in-progress	4,531,407	5,430,109
	46,709,863	41,066,985

Company	← At cost →					
	As at 1.1.2022 MYR	Additions MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	As at 31.12.2022 MYR
Freehold land	260,000	-	-	-	-	260,000
Buildings	4,215,913	-	-	-	-	4,215,913
Furniture, fittings and equipment	1,219,923	11,984	-	-	-	1,231,907
Motor vehicles	2,217,181	-	-	-	565,692	2,782,873
Renovation	717,722	-	-	-	-	717,722
	8,630,739	11,984	-	-	565,692	9,208,415

Company	← Accumulated depreciation →					
	As at 1.1.2022 MYR	Charge for the financial year (Note 28) MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	As at 31.12.2022 MYR
Buildings	536,607	89,518	-	-	-	626,125
Furniture, fittings and equipment	858,482	148,028	-	-	-	1,006,510
Motor vehicles	1,998,890	105,759	-	-	565,691	2,670,340
Renovation	717,682	40	-	-	-	717,722
	4,111,661	343,345	-	-	565,691	5,020,697

Notes to the Financial Statements

31 December 2022

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

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

Company	← Accumulated depreciation →					
	As at 1.1.2021 MYR	Charge for the financial year (Note 28) MYR	Disposal MYR	Written off MYR	Transfer from right-of-use assets (Note 6) MYR	As at 31.12.2021 MYR
Buildings	447,089	89,518	-	-	-	536,607
Furniture, fittings and equipment	767,885	162,055	-	(71,458)	-	858,482
Motor vehicles	1,928,709	112,991	(220,959)	-	178,149	1,998,890
Renovation	675,289	42,393	-	-	-	717,682
	3,818,972	406,957	(220,959)	(71,458)	178,149	4,111,661

	← Net carrying amount →	
	As at 31.12.2022 MYR	As at 31.12.2021 MYR
Freehold land	260,000	260,000
Buildings	3,589,788	3,679,306
Furniture, fittings and equipment	225,397	361,441
Motor vehicles	112,533	218,291
Renovation	-	40
	4,187,718	4,519,078

i) The freehold land and buildings of the Group and of the Company at carrying amount of MYR3,849,788 (2021 – MYR3,939,306), have been pledged to licensed banks as securities for credit facilities as disclosed in Note 21.

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

- ii) The gross carrying amount of fully depreciated property, plant and equipment of the Group and of the Company are as follows:

	Group and Company	
	2022 MYR	2021 MYR
Furniture, fittings and equipment	273,147	294,262
Motor vehicles	1,871,384	1,510,235
Renovation	717,722	535,771
	2,862,253	2,340,268

- iii) Included in property, plant and equipment are telecommunication tower and capital work-in-progress amounted to MYR1,600,480 (2021 – MYR Nil) held by way of the assignment of full beneficial rights over the asset by virtue of an agreement signed by a subsidiary company of the Group, KAB Integrated Networks Sdn. Bhd., (“KABTGN”), with the vendor. KABTGN was granted an irrevocable option to buy over the asset at the nominal value of MYR1, where upon exercising the option, the legal and beneficial ownership of the asset will be transferred to KABTGN.

5. INVESTMENT PROPERTIES

	Freehold land MYR	Leasehold land MYR	Buildings MYR	Capital work- in-progress MYR	Total MYR
Group					
At cost					
As at 1 January 2022	1,202,146	4,716,112	5,502,788	6,364,871	17,785,917
Acquisition of a subsidiary company	-	375,000	938,656	-	1,313,656
Additions	450,214	-	1,800,856	252,747	2,503,817
Reclassifications	460,457	(993,762)	2,266,113	(1,732,808)	-
As at 31 December 2022	2,112,817	4,097,350	10,508,413	4,884,810	21,603,390
Accumulated depreciation					
As at 1 January 2022	-	146,817	236,857	-	383,674
Acquisition of a subsidiary company	-	55,162	240,922	-	296,084
Charge for the financial year (Note 28)	-	95,572	197,295	-	292,867
As at 31 December 2022	-	297,551	675,074	-	972,625
Net carrying amount					
As at 31 December 2022	2,112,817	3,799,799	9,833,339	4,884,810	20,630,765

5. INVESTMENT PROPERTIES (CONT'D.)

	Freehold land MYR	Leasehold land MYR	Buildings MYR	Capital work- in-progress MYR (Restated)	Total MYR
Group					
At cost					
As at 1 January 2021	470,789	3,473,910	2,155,022	3,582,001	9,681,722
Additions	606,354	1,242,202	2,775,569	3,480,070	8,104,195
Reclassifications	125,003	-	572,197	(697,200)	-
As at 31 December 2021	1,202,146	4,716,112	5,502,788	6,364,871	17,785,917
Accumulated depreciation					
As at 1 January 2021	-	75,268	145,485	-	220,753
Charge for the financial year (Note 28)	-	71,549	91,372	-	162,921
As at 31 December 2021	-	146,817	236,857	-	383,674
Net carrying amount					
As at 31 December 2021	1,202,146	4,569,295	5,265,931	6,364,871	17,402,243
Company					
At cost					
As at 1 January 2022	862,668	4,716,112	3,948,839	3,255,124	12,782,743
Additions	450,214	-	1,800,856	96,267	2,347,337
Reclassifications	460,457	(993,762)	2,266,113	(1,732,808)	-
As at 31 December 2022	1,773,339	3,722,350	8,015,808	1,618,583	15,130,080
Accumulated depreciation					
As at 1 January 2022	-	146,817	215,152	-	361,969
Charge for the financial year (Note 28)	-	94,322	156,298	-	250,620
As at 31 December 2022	-	241,139	371,450	-	612,589
Net carrying amount					
As at 31 December 2022	1,773,339	3,481,211	7,644,358	1,618,583	14,517,491
At cost					
As at 1 January 2021	470,789	3,473,910	2,155,022	3,582,001	9,681,722
Additions	266,876	1,242,202	1,221,620	370,323	3,101,021
Reclassifications	125,003	-	572,197	(697,200)	-
As at 31 December 2021	862,668	4,716,112	3,948,839	3,255,124	12,782,743
Accumulated depreciation					
As at 1 January 2021	-	75,268	145,485	-	220,753
Charge for the financial year (Note 28)	-	71,549	69,667	-	141,216
As at 31 December 2021	-	146,817	215,152	-	361,969
Net carrying amount					
As at 31 December 2021	862,668	4,569,295	3,733,687	3,255,124	12,420,774

5. INVESTMENT PROPERTIES (CONT'D.)

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

The freehold land and building of the Group and the Company totaling MYR1,375,550 (2021 – MYR1,375,550) have been pledged to licensed bank as securities for credit facilities as disclosed in Note 21.

The total fair value of investment properties of the Group and of the Company as at financial year end was MYR20,616,609 (2021 – MYR11,510,398) and MYR13,656,609 (2021 – MYR9,638,676) respectively. The fair value was arrived from Directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

Fair value information

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

	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR
Group				
2022	-	-	20,616,609	20,616,609
2021	-	-	11,510,398	11,510,398
Company				
2022	-	-	13,656,609	13,656,609
2021	-	-	9,638,676	9,638,676

Rental income in respect of the investment properties of the Group and of the Company as at financial year end of MYR126,255 and MYR66,436 respectively (2021 – MYR56,500 and MYR47,700) is recognised in profit or loss.

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

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Contra from trade receivables	2,251,070	4,624,125	2,251,070	2,730,698
Cash	252,747	3,480,070	96,267	370,323
	2,503,817	8,104,195	2,347,337	3,101,021

6. RIGHT-OF-USE ASSETS

	Leasehold land MYR	Motor vehicles MYR	Total MYR
Group			
At cost			
As at 1 January 2022	760,000	2,832,707	3,592,707
Acquisition of a subsidiary company	375,000	-	375,000
Additions	-	520,514	520,514
Disposal	-	(255,000)	(255,000)
Transfer to property, plant and equipment (Note 4)	-	(565,692)	(565,692)
As at 31 December 2022	1,135,000	2,532,529	3,667,529
Accumulated depreciation			
As at 1 January 2022	100,300	1,412,490	1,512,790
Acquisition of a subsidiary company	55,162	-	55,162
Charge for the financial year (Note 28)	16,450	589,577	606,027
Disposal	-	(68,000)	(68,000)
Transfer to property, plant and equipment (Note 4)	-	(565,691)	(565,691)
As at 31 December 2022	171,912	1,368,376	1,540,288
Net carrying amount			
As at 31 December 2022	963,088	1,164,153	2,127,241
At cost			
As at 1 January 2021	760,000	2,544,040	3,304,040
Additions	-	466,817	466,817
Transfer to property, plant and equipment (Note 4)	-	(178,150)	(178,150)
As at 31 December 2021	760,000	2,832,707	3,592,707
Accumulated depreciation			
As at 1 January 2021	85,100	1,079,601	1,164,701
Charge for the financial year (Note 28)	15,200	511,038	526,238
Transfer to property, plant and equipment (Note 4)	-	(178,149)	(178,149)
As at 31 December 2021	100,300	1,412,490	1,512,790
Net carrying amount			
As at 31 December 2021	659,700	1,420,217	2,079,917

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

	Leasehold land MYR	Motor vehicles MYR	Total MYR
Company			
At cost			
As at 1 January 2022	760,000	2,634,707	3,394,707
Additions	-	520,514	520,514
Disposal	-	(255,000)	(255,000)
Transfer to property, plant and equipment (Note 4)	-	(565,692)	(565,692)
As at 31 December 2022	760,000	2,334,529	3,094,529
Accumulated depreciation			
As at 1 January 2022	100,300	1,329,990	1,430,290
Charge for the financial year (Note 28)	15,200	549,977	565,177
Disposal	-	(68,000)	(68,000)
Transfer to property, plant and equipment (Note 4)	-	(565,691)	(565,691)
As at 31 December 2022	115,500	1,246,276	1,361,776
Net carrying amount			
As at 31 December 2022	644,500	1,088,253	1,732,753
At cost			
As at 1 January 2021	760,000	2,346,040	3,106,040
Additions	-	466,817	466,817
Transfer to property, plant and equipment (Note 4)	-	(178,150)	(178,150)
As at 31 December 2021	760,000	2,634,707	3,394,707
Accumulated depreciation			
As at 1 January 2021	85,100	1,036,701	1,121,801
Charge for the financial year (Note 28)	15,200	471,438	486,638
Transfer to property, plant and equipment (Note 4)	-	(178,149)	(178,149)
As at 31 December 2021	100,300	1,329,990	1,430,290
Net carrying amount			
As at 31 December 2021	659,700	1,304,717	1,964,417

The leasehold land of the Group and the Company at net carrying amounts of MYR963,088 (2021 – MYR659,700) and MYR644,500 (2021 – MYR659,700) respectively have been pledged to licensed banks as securities for credit facilities granted to the Group and to the Company as disclosed in Note 21.

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

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

	Group and Company	
	2022 MYR	2021 MYR
Cash	420,514	266,817
Financed by lease agreement	100,000	200,000
	520,514	466,817

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2022 MYR	2021 MYR
Unquoted shares, at costs:		
- Within Malaysia	147,451	147,300
- Outside Malaysia	541	541
	147,992	147,841

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest	
			2022 %	2021 %
KAB Energy Holdings Sdn. Bhd.	Malaysia	Investment holding of shares	100	100
KAB Energy Power Sdn. Bhd.	Malaysia	To raise financing via the issuance of Sukuk Murabahah of up to MYR500,000,000 in nominal value from time to time pursuant to the Multi-Currency Sukuk Programme and investment holdings of shares	100	100
Eliq Management Sdn. Bhd.	Malaysia	Investment properties and management services	100	100
KAB Telco Sdn. Bhd.	Malaysia	Operation of telecommunication infrastructure	100	100
KAB Signature Management Sdn. Bhd.	Malaysia	Provision of accounting, finance, administrative, human resources and management services to its related companies	100	100
KAB Robotic and Automation Solutions Sdn. Bhd.	Malaysia	Distributing, marketing, selling and other ancillary services for ultraviolet C disinfection system and other robotic solutions	70	70

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

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest	
			2022 %	2021 %
KAB TGreen Energy Sdn. Bhd. (formerly known as KAB Bintai Energy Sdn. Bhd.)	Malaysia	Dormant since incorporation. Intended principal activities are the undertaking of solar projects and its related business	100	60
KAB M&E Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are mechanical & engineering services	100	-
Fortune Electrical Services Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are mechanical & engineering services	51	-
KAB (HK) Investment Co., Ltd. *	Hong Kong	Dormant since incorporation. Intended principal activity is investment holding	100	100
Subsidiary companies of KAB Energy Power Sdn. Bhd.				
KIEV CRG Sdn. Bhd.	Malaysia	Operation of generation facilities that produce electric energy and transmission, distribution and sales of electricity	100	100
KAB Carewell O&M Services Sdn. Bhd.	Malaysia	Operation and maintenance services for any kind of equipment and facilities	100#	100
Dynagen Power (M) Sdn. Bhd.	Malaysia	Operation of generation facilities that produce electric energy and transmission, distribution and sales of electricity	100@	100
Subsidiary companies of KAB Energy Holdings Sdn. Bhd.				
KAB Technologies Sdn. Bhd.	Malaysia	Design, installation and commissioning of energy monitoring and saving software	100	100
KAB Smart Solar Energy Sdn. Bhd.	Malaysia	Provisioning of engineering, procurement, construction and commission services for solar photovoltaic systems and green technology engineering services	100	100
KAB Core Connect Services Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are provision of operation and the maintenance services	100	100

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

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest	
			2022 %	2021 %
Subsidiary companies of KAB Energy Holdings Sdn. Bhd. (Cont'd.)				
Z Energy Power Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are the operation of generation facilities that produce energy and transmission, distribution and sales of electricity	100	-
Genplan Advisory & Management Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are construction, operation and maintenance of generation facilities that produce electric energy	100	-
Subsidiary company of KAB Robotics and Automation Sdn. Bhd.				
iSenze Sdn. Bhd.	Malaysia	General trading	100	100
Subsidiary company of KAB (HK) Investment Co., Ltd.				
V-Tez Intelligent Solutions (V) Co., Ltd.	Vietnam	Electrical installation services, construction of electrical works, technical consultancy services and other specialised construction activities	100	100
Subsidiary companies of KAB Technologies Sdn. Bhd.				
Econergy Plus Sdn. Bhd.	Malaysia	Provision of energy solution and service using own proprietary internet of things-based hardware and software	100	100
KABT Unified Engineering Solutions Sdn. Bhd.	Malaysia	Provision of energy control service and solution using proprietary building management automation system	80	80
TVT Link Tech Solutions Sdn. Bhd.	Malaysia	Maintenance services to electrical equipment and facilities	60	60
KAB Technologies (Thai) Co., Ltd. *	Thailand	Investment holding	89	89

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

Name of subsidiary companies	Place of incorporation	Principal activity	Effective ownership interest	
			2022 %	2021 %
Subsidiary companies of KAB Smart Solar Energy Sdn. Bhd.				
Mayang Hijau Sdn. Bhd.	Malaysia	Developing, financing, constructing, operating and maintaining self-owned or leased solar photovoltaic projects and projects involving green technology	80	80
KAB Gree Solar Sdn. Bhd.	Malaysia	Dormant since incorporation. Intended principal activities are developing, financing, constructing, operating, and maintaining solar photovoltaic project and projects involving green technology	100	100
Subsidiary company of Energy Optimization (Thailand) Co., Ltd.				
KAB Gree Solar Thai Co., Ltd. *	Thailand	Dormant since incorporation. Intended principal activities are contractor installation and maintenance of solar power systems, supply of spare parts and equipment	98	98
Subsidiary company of KAB Technologies (Thai) Co., Ltd.				
Energy Optimization (Thailand) Co., Ltd. *	Thailand	Design and implementation of energy saving equipment	49.99 [^]	49.99 [^]
Subsidiary companies of KAB Telco Sdn. Bhd.				
KAB Integrated Networks Sdn. Bhd.	Malaysia	Operation of telecommunication infrastructure	100	-
Significant Technologies Sdn. Bhd.	Malaysia	Operation of telecommunication infrastructure	100	-

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

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

The shares are charged to and held in trust by Pacific Trustee Berhad for credit facilities as disclosed in Note 21(c).

@ The shares are charged to Pacific Trustee Berhad for credit facilities as disclosed in Note 21(c).

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

Acquisition of subsidiary companies

On 10 November 2022, the Group acquired 100% equity interest in Significant Technologies Sdn. Bhd. ("Sigtech") for a total consideration of MYR1,429,784. Upon the acquisition, Sigtech became a subsidiary of the Group.

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

2022	Significant Technologies Sdn. Bhd. MYR
Plant and equipment	817,561
Investment properties	1,017,572
Right-of-use assets	319,838
Deferred tax asset (Note 9)	219,338
Trade receivables	1,915,970
Other receivables and deposits	778,257
Cash and bank balances	261,680
Borrowings	(2,262,355)
Group's interest in fair value of net identifiable assets	3,067,861
Cost of business combination	(1,429,784)
Bargain purchase gain on acquisition (Note 26)	1,638,077

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

	2022 MYR
Consideration settled in cash	(1,429,784)
Less: Cash and cash equivalents of subsidiary acquired	261,680
Net cash outflow on acquisition	(1,168,104)

On 25 October 2021, the Group acquired 2,500,000 ordinary shares of Dynagen Power (M) Sdn. Bhd. for a total consideration of MYR6,795,752, with MYR6,655,752 paid in 2021. During the year, the Group has completed the remaining purchase consideration of MYR,140,000.

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

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

Acquisition of subsidiary companies (Cont'd.)

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

2021	Dynagen Power (M) Sdn. Bhd. MYR (Restated)	iSenze Sdn. Bhd. MYR	Total MYR (Restated)
Plant and equipment	21,292,171	-	21,292,171
Intangible asset	4,570,075	-	4,570,075
Inventories	-	2,428	2,428
Trade receivables	336,150	7,900	344,050
Other receivables, deposits	461,635	-	461,635
Cash and bank balances	203,759	2,255	206,014
Trade payables	(20,000)	-	(20,000)
Other payables	(929,273)	(20,366)	(949,639)
Deferred tax liabilities	(1,096,818)	-	(1,096,818)
Amount due to immediate holding company	(2,710,791)	-	(2,710,791)
Borrowings	(18,105,274)	(7,193)	(18,112,467)
Group's interest in fair value of net identifiable assets	4,001,634	(14,976)	3,986,658
Less: Cost of business combination	(6,795,752)	(745,006)	(7,540,758)
Goodwill arises on acquisition	2,794,118	759,982	3,554,100

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

	2022 MYR	2021 MYR	Total MYR
Consideration settled in cash	140,000	7,400,758	7,540,758
Less: Cash and cash equivalents of subsidiary acquired	-	(206,014)	(206,014)
Net cash outflow on acquisition	140,000	7,194,744	7,334,744

Disposal of subsidiary companies

On 1 March 2021, the Company disposed of the entire equity interest in KAB Carewell O&M Sdn. Bhd. to KAB Energy Power Sdn. Bhd., a subsidiary company of the Company.

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

8. INTANGIBLE ASSETS

Group	Goodwill MYR	Other intangible assets MYR	Total MYR
At cost			
As at 1 January 2021	982,021	-	982,021
Additions (Restated)	3,414,100	4,570,075	7,984,175
As at 31 December 2021 (Restated)	4,396,121	4,570,075	8,966,196
Additions	140,000	-	140,000
As at 31 December 2022	4,536,121	4,570,075	9,106,196
Accumulated amortisation			
As at 1 January 2021 and 31 December 2021	-	-	-
Charge for the financial year (Note 28)	-	451,798	451,798
As at 31 December 2022	-	451,798	451,798
Net carrying amount			
As at 31 December 2022	4,536,121	4,118,277	8,654,398
As at 31 December 2021 (Restated)	4,396,121	4,570,075	8,966,196

Goodwill arising from business combinations and other intangible assets has been allocated to four individual cash-generating units ("CGU") for impairment testing as follows:

	Group	
	2022 MYR	2021 MYR (Restated)
KIEV CRG Sdn. Bhd.	252,053	252,053
Energy Optimization (Thailand) Co., Ltd.	729,968	729,968
Dynagen Power (M) Sdn. Bhd.	2,794,118	2,654,118
iSenze Sdn. Bhd.	759,982	759,982
	4,536,121	4,396,121

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the CGU and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and management's expectations of market development.
- The revenue used to calculate the cash flows from operations was determined after taking into consideration performance trends of the industries in which the CGUs are exposed to. Value assigned are consistent with the external sources of information.
- The pre-tax discount rate of 21.76% (2021 – 21.76%) was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on the capital asset pricing model ("CAPM").

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9. DEFERRED TAX ASSETS/(LIABILITIES)

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

	Group		Company	
	2022 MYR	2021 MYR (Restated)	2022 MYR	2021 MYR
Deferred tax assets	348,364	129,026	69,026	69,026
Deferred tax liabilities	(1,147,518)	(1,139,818)	-	-
	(799,154)	(1,010,792)	69,026	69,026

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

	Group		Company	
	2022 MYR	2021 MYR (Restated)	2022 MYR	2021 MYR
As at 1 January	(1,010,792)	119,026	69,026	119,026
Acquisition of a subsidiary company (Note 7)	219,338	(1,096,818)	-	-
Recognised in profit or loss (Note 31)	(7,700)	(33,000)	-	(50,000)
As at 31 December	(799,154)	(1,010,792)	69,026	69,026

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

	Group		Company	
	2022 MYR	2021 MYR (Restated)	2022 MYR	2021 MYR
Deferred tax assets				
- Trade receivables	238,260	238,260	238,260	238,260
- Unutilised tax losses	251,115	12,837	-	-
- Unabsorbed capital allowances	3,614,265	3,477,472	-	-
	4,103,640	3,728,569	238,260	238,260
Deferred tax liabilities				
- Property, plant and equipment	(3,718,806)	(3,555,373)	(82,064)	(82,064)
- Intangible assets	(1,096,818)	(1,096,818)	-	-
- Trade payables	(87,170)	(87,170)	(87,170)	(87,170)
	(4,902,794)	(4,739,361)	(169,234)	(169,234)
	(799,154)	(1,010,792)	69,026	69,026

Notes to the Financial Statements

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

Unutilised tax losses and unabsorbed capital allowances of the Group amounted to MYR2,735,516 (2021 – MYR2,793,716) and MYR471,190 (2021 – MYR274,178) respectively which are available to set-off against future chargeable income for which the tax effects have not been recognised in the financial statements.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised tax losses, i.e. to be carried forward for a maximum of 7 consecutive years of assessment.

10. OTHER INVESTMENT

	Group	
	2022 MYR	2021 MYR
Fair value through other comprehensive income		
5% Non-Cumulative Redeemable Convertible Preference Shares	5,678,950	-

11. TRADE RECEIVABLES

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Non-current				
Third parties	9,679,263	11,065,333	9,679,263	11,065,333
Current				
Third parties	72,640,165	64,572,248	69,267,808	63,687,484
	82,319,428	75,637,581	78,947,071	74,752,817

The normal credit terms of trade receivables range from 30 to 90 (2021 – 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables as at financial year end is retention sum of MYR22,060,099 (2021 – MYR22,672,437) relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be collected as follows:

	Group and Company	
	2022 MYR	2021 MYR
Within 1 year	12,380,836	11,607,104
More than 1 year and less than 2 years	2,449,265	4,342,652
More than 2 years and less than 5 years	7,229,998	6,722,681
	22,060,099	22,672,437

12. INVENTORIES

	Group	
	2022 MYR	2021 MYR
At cost		
- Finished goods	586,876	890,746

13. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Contract assets	68,386,501	60,950,861	67,620,880	60,950,861
Contract liabilities	10,094,804	11,797,295	10,094,804	11,797,295

Contract assets and contract liabilities of the Group and the Company mainly relate to revenue earned from construction contracts. As such, the balances of these accounts vary and depend on the number of ongoing projects at the end of the year.

Set out below is the amount of revenue recognised from:

	Group and Company	
	2022 MYR	2021 MYR
Amounts included in contract liabilities at the beginning of the financial year	7,272,656	5,821,400

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

	Group and Company	
	2022 MYR	2021 MYR
Within one year	114,203,745	185,853,964
More than one year	28,550,936	79,651,699
	142,754,681	265,505,663

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 MYR	2021 MYR (Restated)	2022 MYR	2021 MYR
Other receivables	1,007,901	1,719,083	268,500	383,447
Deposits	1,301,077	1,747,523	295,003	269,134
Prepayments	1,431,862	4,052,496	-	-
	3,740,840	7,519,102	563,503	652,581

15. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

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

16. DEPOSITS WITH LICENSED BANKS

Included in deposits with licensed banks of the Group and of the Company are amounts of MYR33,436,824 (2021 – MYR29,349,796) and MYR32,240,006 (2021 – MYR28,876,101) respectively which have been pledged to licensed banks as security for bank credit facilities granted to the Group and the Company as disclosed in Note 21.

The effective interest rates of fixed deposits with licensed banks during the financial year range from 1.55% to 2.45% (2021 – 1.55% to 1.80%) per annum.

17. SHARE CAPITAL

	Group and Company			
	2022 Number of ordinary shares	2021 Number of ordinary shares	2022 MYR	2021 MYR
Issued and fully paid				
As at 1 January	1,777,994,669	931,608,598	93,809,253	53,299,463
Issuance of shares	30,000,000	94,433,100	9,788,000	40,509,790
Share split	-	751,952,971	-	-
As at 31 December	1,807,994,669	1,777,994,669	103,597,253	93,809,253

During the financial year, the issued and paid-up share capital of the Company was increased from 1,777,994,669 ordinary shares to 1,807,994,669 ordinary shares by way of the issuance of:

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

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17. SHARE CAPITAL (CONT'D.)

In prior financial year, the issued and paid-up share capital of the Company was increased from 931,608,598 ordinary shares to 1,777,994,669 ordinary shares by way of the issuance of:

- 8,333,100 new ordinary shares for cash pursuant to the private placement at exercise price of MYR0.90 per ordinary shares.;
- 751,952,971 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 exercise price of MYR0.40 per ordinary shares; and
- 28,600,000 new ordinary shares for cash pursuant to the private placement at exercise price of MYR0.35 per ordinary shares.

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

18. FOREIGN CURRENCY TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

19. TREASURY SHARES

At the end of the reporting period, 88,898 (2021 – 88,898) issued and fully paid ordinary shares are held as treasury shares by the Company.

20. RETAINED PROFITS

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

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21. BORROWINGS

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Non-current				
<u>Secured</u>				
Term loans	17,860,142	29,247,908	5,306,530	5,716,747
Medium term notes	17,100,000	-	-	-
	34,960,142	29,247,908	5,306,530	5,716,747
Current				
<u>Secured</u>				
Banker acceptance	7,726,000	7,921,000	7,726,000	7,921,000
Trade finance	11,073,612	9,423,331	11,073,612	9,423,331
Revolving credit	3,900,989	7,621,432	2,000,989	7,621,432
Bank overdrafts	13,930,384	10,285,972	13,694,961	9,825,958
Term loans	3,114,058	3,619,134	499,783	328,082
Medium term notes	2,850,000	-	-	-
	42,595,043	38,870,869	34,995,345	35,119,803
Total borrowings				
<u>Secured</u>				
Banker's acceptance	7,726,000	7,921,000	7,726,000	7,921,000
Trade finance	11,073,612	9,423,331	11,073,612	9,423,331
Revolving credit	3,900,989	7,621,432	2,000,989	7,621,432
Bank overdrafts	13,930,384	10,285,972	13,694,961	9,825,958
Term loans	20,974,200	32,867,042	5,806,313	6,044,829
Medium term notes	19,950,000	-	-	-
	77,555,185	68,118,777	40,301,875	40,836,550

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

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Banker's acceptance	5.23 – 6.00	5.23 – 6.00	5.23	5.23
Trade finance	6.00 – 6.51	4.71 – 5.22	6.51	4.71 – 5.22
Revolving credit	4.8 – 5.2	4.52	4.80 – 5.20	4.52
Bank overdrafts	6.67 – 7.57	7.45 – 9.95	6.67 – 7.57	7.45 – 9.95
Term loans	3.70 – 7.07	5.51 – 7.00	3.70 – 7.07	5.57 – 7.00
Medium term notes	4.25 – 5.75	-	-	-

21. BORROWINGS (CONT'D.)

The remaining maturities of the borrowings as at 31 December 2022 are as follows:

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
On demand or within one year	42,595,043	38,870,869	34,995,345	35,119,803
Later than one year and not later than two years	5,121,938	22,005,765	511,806	2,132,917
Later than two years and not later than five years	20,395,078	4,002,804	2,315,633	1,074,911
Later than five years	9,443,126	3,239,339	2,479,091	2,508,919
	77,555,185	68,118,777	40,301,875	40,836,550

a) Banker's acceptance, trade finance, revolving credit and bank overdrafts

The banker's acceptance, trade finance, revolving credit and bank overdrafts are secured by the following:

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

b) Term loans**Term loan 1**

The term loan 1 is secured by the following:

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

Term loan 2

The term loan 2 is secured by the following:

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

21. BORROWINGS (CONT'D.)**b) Term loans (Cont'd.)****Term loan 3**

The term loan 3 is secured by first party legal charge over a unit of retail shop lot of the Group and the Company as disclosed in Note 5.

Term loan 4

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

Term loan 5

The term loan 5 is secured by the followings:

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

Term loan 6

The term loan 6 is secured by the followings:

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

Term loan 7

The term loan 7 is secured by the followings:

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

21. BORROWINGS (CONT'D.)

b) Term loans (Cont'd.)

Term loan 8

The term loan 8 is secured by the followings:

- i) Facilities Agreement;
- ii) corporate guarantee by the Company;
- iii) fixed charge over fixed deposits of the subsidiary; and
- iv) fixed charge of particular project proceeds and for plant and equipment as disclosed in Note 4.

Term loan 9

The term loan 9 is secured by the following:

- i) deed of assignment over the properties acquired and a charge on the titles in respect of the plant and equipment as disclosed in Note 4;
- ii) corporate guarantee by third party, Invest Energy Sdn. Bhd.;
- iii) personal guarantee by a formal director of the subsidiary, Anand Remakrishnan; and
- iv) guarantee executed by a third party, Credit Guarantee Corporation (CGC) under Green Technology Financing Scheme.

The loan was fully repaid during the financial year.

Term loan 10

The term loan 10 is secured by Facilities Agreement For The Sum of All Monies Securities.

Term loan 11

The term loan 11 is secured by the followings:

- i) Facility Agreements;
- ii) first party legal charges over leasehold land and building of the subsidiary as disclosed in Note 5;
- iii) assignment of contract proceeds and charge over project accounts on certain identified awarded contracts;
- iv) Joint and several guarantee by former directors of the subsidiary, Najman bin Kamaruddin, Mohamad Khazani bin Abdullah and Mohd Rizal bin Mohd Suradi and Muhammad Muhtadi bin Mohamad Khazani; and
- v) 80% guarantee executed by a third party, Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under Government Guarantee Scheme COVID-19 up to MYR160,000.

21. BORROWINGS (CONT'D.)

c) Medium term notes

The Group had established a Multi-Currency Islamic Medium Term Notes Programme of up to MYR500 million in nominal value based on the Principle of Murabahah (via Tawarruq Arrangement) on 29 September 2021 ("Sukuk Murabahah").

The maiden issue was completed on 31 January 2022, to refinance the existing loan of its subsidiary, and to fund the minimum balance and build-up requirement in the designated bank accounts, for an amount of MYR19.95 million ("Tranche 1 Sukuk Murabahah").

Tranche 1 Sukuk Murabahah is secured against various assets of the Group - KABDYP and KAB Carewell O&M Services Sdn. Bhd. ("KABCW") ("Series 1 of Tranche 1 Sukuk Murabahah") and by a financial guarantee from Danajamin Nasional Berhad ("Series 2 of Tranche 1 Sukuk Murabahah").

Other than stated above, the Tranche 1 Sukuk Murabahah is also secured by the followings:

- i) Assignment and charge on assets of the Group as disclosed in Note 4;
- ii) Registered third party first ranking legal charge over a parcel of vacant leasehold residential land of the Company as disclosed in Note 5;
- iii) Charge over shares of subsidiaries as disclosed in Note 7; and
- iv) Corporate guarantee of the Company and certain subsidiary.

22. LEASE LIABILITIES

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Minimum lease payments:				
- not later than one year	303,475	415,361	273,799	385,685
- later than one year and not later than two years	222,716	325,506	193,040	295,830
- later than two years and not later than five years	158,812	408,112	97,063	319,084
- later than five years	-	2,396	-	-
	685,003	1,151,375	563,902	1,000,599
Less: Future interest charge	(39,212)	(80,418)	(29,697)	(65,371)
Present value of lease liabilities	645,791	1,070,957	534,205	935,228
Repayable as follows:				
Non-current				
- later than one year and not later than two years	211,553	301,057	185,017	275,717
- later than two years and not later than five years	153,889	392,674	94,180	308,816
- later than five years	-	2,387	-	-
	365,442	696,118	279,197	584,533
Current				
- not later than one year	280,349	374,839	255,008	350,695
	645,791	1,070,957	534,205	935,228

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

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Lease liabilities	3.77 – 4.84	3.77 – 4.57	3.77 – 4.84	3.77 – 4.57

The Group and the Company obtain lease facilities to finance their purchase of motor vehicles. Implicit interest rate of the lease is fixed at the inception of the lease arrangements, and the lease instalments are fixed throughout the lease period. There are no significant restriction clauses imposed on the lease arrangements.

23. TRADE PAYABLES

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Non-current				
Third parties	4,167,594	4,070,488	4,167,594	4,070,488
Current				
Third parties	54,160,983	43,638,118	50,515,992	38,130,503
	58,328,577	47,708,606	54,683,586	42,200,991

The normal credit terms of trade payables range from 30 to 120 days (2021 – 30 to 120 days). However, credit terms may vary dependent on negotiation with the suppliers.

Included in trade payables as at financial year end is retentions sum of MYR14,020,178 (2021 – MYR11,817,244) relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be paid as follows:

	Group and Company	
	2022 MYR	2021 MYR
Within 1 year	9,852,584	7,746,756
More than 1 year and less than 2 years	1,495,785	1,594,967
More than 2 years and less than 5 years	2,671,809	2,475,521
	14,020,178	11,817,244

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Other payables	128,771	2,068,538	125,810	1,256,581
Accruals	1,944,299	1,583,496	1,298,219	1,377,239
Deposits received	55,750	52,513	39,300	7,250
	2,128,820	3,704,547	1,463,329	2,641,070

Included in other payables of the Group is amount due to corporate shareholders of the subsidiary companies amounting to MYR178,664 (2021 – MYR18,553).

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25. REVENUE

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Revenue from construction contracts	153,539,859	148,089,061	153,539,859	147,759,651
Revenue from services rendered	13,105,916	6,520,513	127,866	-
Revenue from sale of goods	20,118,719	20,104,230	20,118,719	20,067,172
Total revenue from contracts with customers	186,764,494	174,713,804	173,786,444	167,826,823
Rental income	238,016	8,824	-	-
Total revenue	187,002,510	174,722,628	173,786,444	167,826,823
Timing of revenue:				
- at a point in time	20,118,719	20,104,230	20,118,719	20,067,172
- over time	166,645,775	154,609,574	153,667,725	147,759,651
Total revenue from contracts with customers	186,764,494	174,713,804	173,786,444	167,826,823
Primary geographical markets:				
- Malaysia	185,456,372	173,697,958	173,786,444	167,826,823
- Thailand	1,308,122	1,015,846	-	-
Total revenue from contracts with customers	186,764,494	174,713,804	173,786,444	167,826,823

26. OTHER INCOME

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Unwinding of discount on trade receivables	483,573	456,436	483,573	456,436
Gain on disposal of property, plant and equipment	-	55,999	-	55,999
Reversal of impairment loss no longer required (Note 36(c)(i))	28,000	482,500	28,000	482,500
Interest income	517,026	390,664	464,690	381,765
Rental income	126,255	47,700	177,886	47,700
Wages subsidy	-	12,000	-	-
Sundry income	109,625	368,328	104,107	230,168
Gain on forex exchange	-	1,768	-	-
Management fee	-	-	-	60,000
Bargain purchase gain on acquisition	1,638,077	-	-	-
	2,902,556	1,815,395	1,258,256	1,714,568

Notes to the Financial Statements

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27. FINANCE COSTS

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Interest on bank factoring	-	40	-	40
Interest on bank overdraft	648,153	449,289	630,723	442,034
Interest on banker acceptance	358,065	-	358,065	-
Charges on letter of credit	19,747	-	19,747	-
Interest on revolving credit	121,206	-	110,014	-
Interest on term loans	2,106,946	1,734,292	302,840	264,792
Interest on trade finance	370,603	879,021	365,071	828,060
Interest on lease liabilities	37,285	53,004	34,913	46,276
Total interest expense	3,662,005	3,115,646	1,821,373	1,581,202
Unwinding of discount on trade payables	170,485	159,614	170,485	159,614
Total finance costs (Note 36(b))	3,832,490	3,275,260	1,991,858	1,740,816

28. PROFIT BEFORE TAXATION

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
This is arrived at after charging:				
Auditors' remuneration:				
- Kreston John & Gan				
- statutory audit	156,500	127,000	100,000	100,000
- other services	13,000	13,000	13,000	13,000
- other auditor	35,601	47,341	-	-
Depreciation:				
- property, plant and equipment (Note 4)	3,534,178	2,969,053	343,345	406,957
- investment properties (Note 5)	292,867	162,921	250,620	141,216
- right-of-use assets (Note 6)	606,027	526,238	565,178	486,638
Amortisation of intangible assets (Note 8)	451,798	-	-	-
Employee benefits expense (Note 29)	18,600,891	16,552,245	15,538,656	15,381,046
Impairment loss on trade receivables	120,500	400,000	120,500	400,000
Loss on disposal of right-of-use assets	12,000	-	12,000	-
Property, plant and equipment written off	59,807	38,195	-	4,747
Rental of equipment	172,898	158,985	162,909	128,985
Rental of premises	278,500	127,900	99,100	96,500

29. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Salaries, bonus, wages and allowances	16,675,241	14,794,700	13,937,587	13,753,404
Defined contribution plan	1,753,974	1,606,900	1,464,111	1,489,181
Social security cost	154,289	132,169	123,074	124,457
Employment Insurance System	17,387	18,476	13,884	14,004
	18,600,891	16,552,245	15,538,656	15,381,046

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments excluding benefits-in-kind, amounting to MYR3,182,088 (2021 – MYR3,163,114) respectively as disclosed in Note 30.

30. DIRECTORS' EMOLUMENTS

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

	Group and Company	
	2022 MYR	2021 MYR
Executive directors		
Salaries and defined contribution plan	2,701,440	2,299,740
Bonus	201,000	585,000
Allowances	276,000	275,011
Social security cost	3,340	3,079
Employment Insurance System	308	284
Total executive directors' remuneration (excluding benefits-in-kind) (Note 29)	3,182,088	3,163,114
Estimated money value of benefits-in-kind	41,000	41,000
Total executive directors' remuneration (including benefits-in-kind)	3,223,088	3,204,114
Non-executive directors		
Fees	450,000	402,833
	3,673,088	3,606,947

31. INCOME TAX EXPENSE

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Malaysian income tax:				
- current year	2,190,081	3,350,000	2,150,000	3,350,000
- (over)/under provision in prior years	(69,620)	16,614	(103,894)	16,614
	2,120,461	3,366,614	2,046,106	3,366,614
Deferred taxation (Note 9):				
- current year	-	71,091	-	28,091
- under/(over) provision in prior years	7,700	(38,091)	-	21,909
	7,700	33,000	-	50,000
	2,128,161	3,399,614	2,046,106	3,416,614

Income tax is calculated at the Malaysian statutory tax rates of 24% (2021 – 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the subsidiary of the Group in Hong Kong and Thailand are 16.5% and 20% (2021 – 16.5% and 20%) respectively.

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

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Applicable tax rate	24	24	24	24
Different tax rates in other countries	*	*	-	-
Non-allowable expenses	117	22	12	15
Non-taxable income	-	(2)	(1)	
Utilisation of previously unrecognised tax credits	(24)	-	-	-
Temporary differences not recognised	21	4	1	-
(Over)/under provision of income tax in prior years	(4)	*	(2)	*
Under/(over) provision of deferred tax in prior years	*	(1)	-	*
Effective tax rate	134	47	34	39

* Less than 1%

32. EARNINGS PER SHARE**Basic:**

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2022	2021
Profit for the financial year attributable to ordinary owners of the Company (MYR)	2,856,043	4,071,868
Weighted average number of ordinary shares in issue (unit)	1,800,871,381	1,505,990,736
Basic earnings per share (sen)	0.16	0.27

Diluted:

Diluted earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by weighted average number of ordinary shares in issue during the financial year after adjustments for dilutive effects of all potential ordinary shares as follows:

	Group	
	2022	2021
Profit for the financial year attributable to ordinary owners of the Company (MYR)	2,856,043	4,071,868
Weighted average number of ordinary shares in issue (unit)	1,800,871,381	1,505,990,736
Adjusted for assumed exercise of private placements (unit)	361,581,000	83,080,000
Adjusted for assumed exercise of warrants of shares (unit)	845,902,607	845,902,607
	3,008,354,988	2,434,973,343
Diluted earnings per share (sen)	0.09	0.17

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes as follows:

	At 1 January	Net change in financing cash flows	Acquisition of new lease	Acquisition of new subsidiary companies	At 31 December
Group					
2022					
Term loans	32,867,042	(14,155,197)	-	2,262,355	20,974,200
Medium term notes	-	19,950,000	-	-	19,950,000
Other borrowings	24,965,763	(2,265,162)	-	-	22,700,601
Lease liabilities	1,070,957	(525,166)	100,000	-	645,791
	58,903,762	3,004,475	100,000	2,262,355	64,270,592
2021					
Term loans	5,431,182	6,930,423	-	20,505,437	32,867,042
Other borrowings	10,909,685	14,056,078	-	-	24,965,763
Lease liabilities	1,251,277	(380,320)	200,000	-	1,070,957
	17,592,144	20,606,181	200,000	20,505,437	58,903,762
Company					
2022					
Term loans		6,044,829	(238,516)	-	5,806,313
Other borrowings		24,965,763	(4,165,162)	-	20,800,601
Lease liabilities		935,228	(501,023)	100,000	534,205
		31,945,820	(4,904,701)	100,000	27,141,119
2021					
Term loans		4,648,766	1,396,063	-	6,044,829
Other borrowings		10,909,685	14,056,078	-	24,965,763
Lease liabilities		1,092,599	(357,371)	200,000	935,228
		16,651,050	15,094,770	200,000	31,945,820

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

Cash outflows for leases as a lessee:

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Included in cash flows from operating activities:				
Payment relating to short-term leases	278,500	127,900	99,100	96,500
Payment relating to low-value assets	172,898	158,985	162,909	128,985
Interest paid in relation to lease liabilities	37,285	53,004	34,913	46,276
Included in cash flows from financing activities:				
Repayment of lease liabilities	525,166	380,320	501,023	357,371
	1,013,849	720,209	797,945	629,132

34. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Cash and bank balances	12,652,711	8,781,557	2,330,075	2,100,594
Bank overdraft (Note 21)	(13,930,384)	(10,285,972)	(13,694,961)	(9,825,958)
Deposits with licensed banks	34,835,647	35,577,583	33,356,463	35,103,888
	33,557,974	34,073,168	21,991,577	27,378,524
Less: Pledged deposits	(33,436,824)	(29,349,796)	(32,240,006)	(28,876,101)
	121,150	4,723,372	(10,248,429)	(1,497,577)

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

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Ringgit Malaysia	33,166,286	32,488,177	21,991,577	27,378,524
Thai Baht	299,236	1,478,547	-	-
Hong Kong Dollar	14,614	21,931	-	-
Vietnamese Dong	77,838	84,513	-	-
	33,557,974	34,073,168	21,991,577	27,378,524

35. SEGMENT INFORMATION

Segmental information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

Mechanical and Electrical Engineering ("M&E") : Provision of mechanical and electrical engineering solutions
Sustainable Energy Solutions ("SES") : Provision of clean energy, renewable energy and energy efficient solutions

Other non-reportable segments comprise operations to subsidiary companies which are trading, investment holding and dormant.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Director. Segment total assets are used to measure the return of assets of each segment.

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35. SEGMENT INFORMATION (CONT'D.)

a) Business segment

2022	M&E MYR	SES MYR	Non- reportable segments MYR	Total MYR	Eliminations MYR	Consolidated MYR
Revenue						
External customers	173,786,444	11,191,111	2,024,955	187,002,510	-	187,002,510
Inter-segment	-	5,958,515	-	5,958,515	(5,958,515)	-
	173,786,444	17,149,626	2,024,955	192,961,025	(5,958,515)	187,002,510
Results						
Interest income	464,689	1,169,599	37,787	1,672,075	(1,155,049)	517,026
Reversal of impairment loss on trade receivables no longer required	28,000	-	-	28,000	-	28,000
Impairment loss on trade receivables	(120,500)	-	-	(120,500)	-	(120,500)
Depreciation of property, plant and equipment	(343,345)	(3,173,820)	(17,013)	(3,534,178)	-	(3,534,178)
Depreciation of investment properties	(250,620)	-	(42,247)	(292,867)	-	(292,867)
Depreciation of right-of-use assets	(565,177)	(39,600)	(1,250)	(606,027)	-	(606,027)
Amortisation of intangible assets	-	(451,798)	-	(451,798)	-	(451,798)
Property, plant and equipment written off	-	-	(59,807)	(59,807)	-	(59,807)
Finance cost	(1,991,858)	(2,606,770)	(211,987)	(4,810,615)	978,125	(3,832,490)
Unwinding of discount on trade receivables	483,573	-	-	483,573	-	483,573
Taxation	(2,046,106)	(80,297)	(1,758)	(2,128,161)	-	(2,128,161)
Segment results	3,665,182	3,211,175	(5,214,815)	1,661,542	1,091,638	2,753,180
Assets						
Additions to non-current assets	2,879,835	6,664,975	2,355,110	11,899,920	(111,928)	11,787,992
Segment assets	249,211,223	98,795,386	31,909,760	379,916,369	(92,998,516)	286,917,853
Segment liabilities						
	107,487,456	92,847,131	34,195,516	234,530,103	(84,629,408)	149,900,695

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35. SEGMENT INFORMATION (CONT'D.)

a) Business segment (Cont'd.)

2021	M&E MYR	SES MYR	Non- reportable segments MYR	Total MYR	Eliminations MYR	Consolidated MYR
Revenue						
External customers	167,826,823	6,785,781	110,024	174,722,628	-	174,722,628
Inter-segment	-	1,192,284	558,256	1,750,540	(1,750,540)	-
	167,826,823	7,978,065	668,280	176,473,168	(1,750,540)	174,722,628
Results						
Interest income	381,765	8,898	-	390,663	-	390,663
Unwinding of discount on trade receivables	456,436	-	-	456,436	-	456,436
Impairment loss on trade receivables	(400,000)	-	-	(400,000)	-	(400,000)
Reversal of impairment loss on trade receivables no longer required	482,500	-	-	482,500	-	482,500
Depreciation of property, plant and equipment	(406,957)	(2,281,301)	(280,795)	(2,969,053)	-	(2,969,053)
Depreciation of investment properties	(141,216)	-	(21,705)	(162,921)	-	(162,921)
Depreciation of right-of-use assets	(486,638)	(39,600)	-	(526,238)	-	(526,238)
Property, plant and equipment written off	(38,195)	-	-	(38,195)	-	(38,195)
Interest expenses	(1,740,816)	(1,534,444)	-	(3,275,260)	-	(3,275,260)
Taxation	(3,416,614)	17,000	-	(3,399,614)	-	(3,399,614)
Segment results	5,578,059	(775,202)	(1,694,415)	3,108,442	1,032,106	4,140,548
Assets						
Additions to non-current assets	10,938,997	18,691,205	808,297	30,438,499	-	30,438,499
Segment assets	228,011,040	52,658,704	29,106,162	309,775,906	(50,774,109)	259,001,797
Segment liabilities						
	99,740,583	49,322,214	30,813,853	179,876,651	(45,350,983)	134,525,668

35. SEGMENT INFORMATION (CONT'D.)**a) Business segment (Cont'd.)**

Additions to non-current assets consist of:

	2022 MYR	2021 MYR
Property, plant and equipment	8,623,661	13,883,312
Investment properties	2,503,817	8,104,195
Right-of-use assets	520,514	466,817
Intangible assets	140,000	7,984,175
	11,787,992	30,438,499

b) Geographical information

Geographical information of revenue by location of customers is disclosed in Note 25.

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

	Non-current assets	
	2022 MYR	2021 MYR
Malaysia	70,439,414	61,729,659
Thailand	7,682,853	7,785,682
	78,122,267	69,515,341

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

	2022 MYR	2021 MYR
Property, plant and equipment	46,709,863	41,066,985
Investment properties	20,630,765	17,402,243
Right-of-use assets	2,127,241	2,079,917
Intangible assets	8,654,398	8,966,196
	78,122,267	69,515,341

c) Information about a major customer

Revenue from one (2021 – one) major customer amount to MYR7,705,587 (2021 – MYR8,277,730), arising from sales by the M&E segment.

36. FINANCIAL INSTRUMENTS**a) Categories of financial instruments**

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

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

Group	Carrying amount MYR	FAAC MYR	FVTOCI MYR	FLAC MYR
2022				
Financial assets				
Other investment	5,678,950	-	5,678,950	-
Trade receivables	82,319,428	82,319,428	-	-
Other receivables and deposits	2,308,978	2,308,978	-	-
Deposits with licensed banks	34,835,647	34,835,647	-	-
Cash and bank balances	12,652,711	12,652,711	-	-
	137,795,714	132,116,764	5,678,950	-
Financial liabilities				
Trade payables	(58,328,577)	-	-	(58,328,577)
Other payables and accruals	(2,128,820)	-	-	(2,128,820)
Borrowings	(77,555,185)	-	-	(77,555,185)
Lease liabilities	(645,791)	-	-	(645,791)
	(138,658,373)	-	-	(138,658,373)
2021				
Financial assets				
Trade receivables	75,637,581	75,637,581	-	-
Other receivables and deposits	3,466,606	3,466,606	-	-
Deposits with licensed banks	35,577,583	35,577,583	-	-
Cash and bank balances	8,781,557	8,781,557	-	-
	123,463,327	123,463,327	-	-
Financial liabilities				
Trade payables	(47,708,606)	-	-	(47,708,606)
Other payables and accruals	(3,704,547)	-	-	(3,704,547)
Borrowings	(68,118,777)	-	-	(68,118,777)
Lease liabilities	(1,070,957)	-	-	(1,070,957)
	(120,602,887)	-	-	(120,602,887)

36. FINANCIAL INSTRUMENTS (CONT'D.)

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

Company	Carrying amount MYR	FAAC MYR	FLAC MYR
2022			
Financial assets			
Trade receivables	78,947,071	78,947,071	-
Other receivables and deposits	563,503	563,503	-
Amount due from subsidiary companies	45,595,415	45,595,415	-
Deposits with licensed banks	33,356,463	33,356,463	-
Cash and bank balances	2,330,075	2,330,075	-
	160,792,527	160,792,527	-
Financial liabilities			
Trade payables	(54,683,586)	-	(54,683,586)
Other payables and accruals	(1,463,329)	-	(1,463,329)
Amount due to subsidiary companies	(408,612)	-	(408,612)
Borrowings	(40,301,875)	-	(40,301,875)
Lease liabilities	(534,205)	-	(534,205)
	(97,391,607)	-	(97,391,607)
2021			
Financial assets			
Trade receivables	74,752,817	74,752,817	-
Other receivables and deposits	652,581	652,581	-
Amount due from subsidiary companies	35,329,162	35,329,162	-
Deposits with licensed banks	35,103,888	35,103,888	-
Cash and bank balances	2,100,594	2,100,594	-
	147,939,042	147,939,042	-
Financial liabilities			
Trade payables	(42,200,991)	-	(42,200,991)
Other payables and accruals	(2,641,070)	-	(2,641,070)
Amount due to subsidiary companies	(321,114)	-	(321,114)
Borrowings	(40,836,550)	-	(40,836,550)
Lease liabilities	(935,228)	-	(935,228)
	(86,934,953)	-	(86,934,953)

36. FINANCIAL INSTRUMENTS (CONT'D.)

b) Gains and losses arising from financial instruments

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Net gains/(losses) on:				
Financial assets measured at amortised costs	1,000,599	847,100	948,263	838,201
Financial liabilities measured at amortised costs (Note 27)	(3,832,490)	(3,275,260)	1,991,858	(1,740,816)

c) Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and cash flow risk
- Market risk

i) Credit risk

Credit risk is the risk of a financial loss if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its receivables from customers and advances to subsidiary companies. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with high credit worthiness. The Group and the Company also have an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via the Group's and the Company's management reporting procedures.

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have significant concentration of credit risk in the form of outstanding balance of approximately MYR7,705,587 (2021 – MYR8,277,730) due from one (2021 – one) customer which represents 10% (2021 – 11%) of the total trade receivables of the Group and of the Company. However, the directors are of the opinion that these amounts outstanding are fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group and of the Company.

A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- A nominal amount of MYR27,913,639 (2021 – MYR5,313,260) relating to corporate guarantees provided by the Company to the banks on the subsidiary companies' bank borrowings.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment losses

The Group and the Company use an allowance matrix to measure the expected credit losses ("ECL") of trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

i) Credit risk (Cont'd.)

Receivables (Cont'd.)

Recognition and measurement of impairment losses (Cont'd.)

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

Group	Contract assets MYR	Retention sum MYR	Trade receivables (excluding retention sum)					Total MYR
			Within 1 year MYR	1 to 2 years MYR	2 to 3 years MYR	3 to 4 years MYR	>4 years MYR	
2022								
Expected credit loss rate	0.03%	0.03%	0.03%	0.08%	0.07%	0.28%	100%	
Gross carrying amount	68,386,501	22,060,099	55,856,813	4,106,590	183,897	-	112,029	150,705,929
Expected credit loss	19,887	6,488	18,024	3,443	129	-	112,029	160,000
2021								
Expected credit loss rate	0.01%	0.01%	0.01%	0.03%	0.04%	0.03%	100%	
Gross carrying amount	60,950,861	22,672,437	52,640,600	48,003	11,464	212,969	52,108	136,588,442
Expected credit loss	6,337	2,357	6,608	15	5	70	52,108	67,500

Company	Contract assets MYR	Retention sum MYR	Trade receivables (excluding retention sum)					Total MYR
			Within 1 year MYR	1 to 2 years MYR	2 to 3 years MYR	3 to 4 years MYR	>4 years MYR	
2022								
Expected credit loss rate	0.03%	0.03%	0.03%	0.08%	0.07%	0.28%	100%	
Gross carrying amount	67,620,880	22,060,099	52,484,456	4,106,590	183,897	-	112,029	146,567,951
Expected credit loss	19,887	6,488	18,024	3,443	129	-	112,029	160,000
2021								
Expected credit loss rate	0.01%	0.01%	0.01%	0.03%	0.04%	0.03%	100%	
Gross carrying amount	60,950,861	22,672,437	51,755,836	48,003	11,464	212,969	52,108	135,703,678
Expected credit loss	6,337	2,357	6,608	15	5	70	52,108	67,500

36. FINANCIAL INSTRUMENTS (CONT'D.)**c) Financial risk management (Cont'd.)****i) Credit risk (Cont'd.)****Receivables (Cont'd.)**

Recognition and measurement of impairment losses (Cont'd.)

The movements in the allowance for impairment in respect of trade receivables during the financial year are as follows:

	Lifetime ECL MYR	Credit impaired MYR	Total MYR
Group and Company			
At 1 January 2021	150,000	-	150,000
Addition (Note 28)	400,000	-	400,000
Reversal of impairment loss on trade receivables no longer required (Note 26)	(482,500)	-	(482,500)
At 31 December 2021	67,500	-	67,500
Addition	120,500	-	120,500
Reversal of impairment loss on trade receivables no longer required (Note 26)	(28,000)	-	(28,000)
At 31 December 2022	160,000	-	160,000

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiary companies. The Company monitors the results of the subsidiary companies regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary companies are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiary companies.

36. FINANCIAL INSTRUMENTS (CONT'D.)**c) Financial risk management (Cont'd.)****ii) Liquidity and cash flow risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	On demand or within 1 year MYR	1 - 2 years MYR	2 - 5 years MYR	More than 5 years MYR	Total MYR
2022					
Financial liabilities					
Trade payables	54,160,983	1,570,575	3,013,019	-	58,744,577
Other payables and accruals	2,128,820	-	-	-	2,128,820
Borrowings	43,930,932	3,311,444	13,827,444	5,180,901	66,250,721
Lease liabilities	303,475	222,716	158,812	-	685,003
	100,524,210	5,104,735	16,999,275	5,180,901	127,809,121
2021					
Financial liabilities					
Trade payables	43,638,118	1,674,716	2,758,973	-	48,071,807
Other payables and accruals	3,704,547	-	-	-	3,704,547
Borrowings	61,668,619	1,874,111	4,168,042	7,260,943	74,971,715
Lease liabilities	415,361	325,506	408,112	2,396	1,151,375
	109,426,645	3,874,333	7,335,127	7,263,339	127,899,444

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

ii) Liquidity and cash flow risk (Cont'd.)

Maturity analysis (Cont'd.)

Company	On demand or within 1 year MYR	1 - 2 years MYR	2 - 5 years MYR	More than 5 years MYR	Total MYR
2022					
Financial liabilities					
Trade payables	50,515,992	1,570,575	3,013,019	-	55,099,586
Other payables and accruals	1,463,329	-	-	-	1,463,329
Amount due to subsidiary companies	408,612	-	-	-	408,612
Borrowings	35,356,395	861,175	3,200,071	3,690,547	43,108,188
Lease liabilities	273,799	193,040	97,063	-	563,902
Financial guarantee*	27,913,639	-	-	-	27,913,639
	115,931,766	2,624,790	6,310,153	3,690,547	128,557,256
2021					
Financial liabilities					
Trade payables	38,130,503	1,674,716	2,758,973	-	42,564,192
Other payables and accruals	2,641,070	-	-	-	2,641,070
Amount due to subsidiary companies	321,114	-	-	-	321,114
Borrowings	35,576,664	1,334,203	3,267,430	3,827,520	44,005,817
Lease liabilities	385,685	295,830	319,084	-	1,000,599
Financial guarantee*	24,872,158	-	-	-	24,872,158
	101,927,194	3,304,749	6,345,487	3,827,520	115,404,950

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

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest/expense rates and other prices that will affect the Group's and the Company's financial position or cash flows.

Foreign exchange rate risk

The Group and the Company have minimal exposure to foreign currency risk as the sales and purchases of the Group and the Company are denominated in the respective functional currency of Group entities.

Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest/expense rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term investments such as deposits with licensed banks are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

Group	2022 MYR	Interest rate %	2021 MYR	Interest rate %
<i>Fixed rate instruments</i>				
Lease liabilities	645,791	3.77 - 4.84	1,070,957	3.77 - 4.57
Borrowings	19,950,000	4.25 - 5.75	-	-
<i>Floating rate instruments</i>				
Borrowings	57,605,185	3.70 - 7.57	68,118,777	2.07 - 3.65

36. FINANCIAL INSTRUMENTS (CONT'D.)

c) Financial risk management (Cont'd.)

iii) Market risk (Cont'd.)

Interest rate risk (Cont'd.)

Exposure to interest rate risk (Cont'd.)

Company	2022 MYR	Interest rate %	2021 MYR	Interest rate %
<i>Fixed rate instruments</i>				
Lease liabilities	534,205	3.77 – 4.84	(935,228)	3.77 – 4.57
<i>Floating rate instruments</i>				
Borrowings	40,301,875	3.70 – 7.57	40,836,550	2.07 – 3.65

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been MYR23,300 and MYR11,665 (2021 – MYR7,500 and MYR7,300) respectively higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

36. FINANCIAL INSTRUMENTS (CONT'D.)

d) Fair value information

The carrying amounts of deposits with licensed banks, cash and bank balances, trade and other receivables and deposits, trade and other payables and accruals, and floating rate borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value MYR	Carrying amount MYR
	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR		
2022										
Financial assets										
Other investment	-	-	5,678,950	5,678,950	-	-	-	-	5,678,950	5,678,950
Financial liabilities										
Medium term notes	-	-	-	-	-	-	24,521,459	24,521,459	24,521,459	19,950,000
Lease liabilities	-	-	-	-	-	-	644,690	644,690	644,690	645,791
2021										
Financial liabilities										
Lease liabilities	-	-	-	-	-	-	1,040,161	1,040,161	1,040,161	1,070,957

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value MYR	Carrying amount MYR
	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR	Level 1 MYR	Level 2 MYR	Level 3 MYR	Total MYR		
2022										
Financial liabilities										
Lease liabilities	-	-	-	-	-	-	533,563	533,563	533,563	534,205
2021										
Financial liabilities										
Lease liabilities	-	-	-	-	-	-	911,654	911,654	911,654	935,228

36. FINANCIAL INSTRUMENTS (CONT'D.)**d) Fair value information (Cont'd.)***Level 1 fair value*

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2021 - no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following shows the valuation techniques used in the determination of fair values within Level 3 for financial instruments not carried at fair value, as well as the key unobservable inputs used in the valuation models.

Type	Description of valuation technique and inputs used
Other investment	At cost, which represents the best estimate of fair value, as there is insufficient more recent information available to measure fair value.
Lease liabilities and fixed rate borrowings	Discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.
Financial guarantee contracts	Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions: <ul style="list-style-type: none"> - The likelihood of the guaranteed party defaulting within the guaranteed period; - The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; - The estimated loss exposure if the party guaranteed were to default.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its businesses and maximise shareholders' value. The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group and the Company manage their capital based on finance-to-equity ratio. The finance-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity. The Group's policy is to keep the finance-to-equity ratio below 2.5 times.

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Total borrowings	77,555,185	68,118,777	40,301,875	40,836,550
Total lease liabilities	645,791	1,070,957	534,205	935,228
Total financing	78,200,976	69,189,734	40,836,080	41,771,778
Total equity	137,017,158	124,476,129	141,723,639	128,270,457
Finance-to-equity ratio	0.57	0.56	0.29	0.33

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

38. CAPITAL COMMITMENT

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Authorised and contracted for:				
- Property, plant and equipment	399,520	5,987,327	-	-
- Investment properties	101,161	197,429	101,161	197,429
	500,681	6,184,756	101,161	197,429

39. RELATED PARTIES**Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Group and of the Company, and certain members of the senior management of the Group and of the Company.

39. RELATED PARTIES (CONT'D.)

Significant related party transactions

Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Notes 15 and 24.

	Group	
	2022 MYR	2021 MYR
<i>Transactions with corporate shareholders</i>		
YL Global Ventures Sdn. Bhd.		
- Advances from corporate shareholder	150,000	-
Kejuruteraan Bintai Kindenko Sdn. Bhd.		
- Advances from corporate shareholder	4,000	-
Evergreen Thumbsup Sdn. Bhd.		
- Advances from corporate shareholder	6,111	18,553

	Group	
	2022 MYR	2021 MYR
<i>Transactions with subsidiary companies</i>		
KAB Technologies Sdn. Bhd.		
- Sub-Contract Cost	-	(1,178,348)
- Management fee	-	60,000
Signature Management Sdn. Bhd.		
- Management fee	297,960	-

Compensation of key management personnel

	Group		Company	
	2022 MYR	2021 MYR	2022 MYR	2021 MYR
Short-term employee benefits	4,105,352	3,704,291	3,633,598	3,373,143
Defined contribution plan	413,791	368,178	369,871	332,622
Benefits-in-kind	45,000	41,000	41,000	41,000
	4,564,143	4,113,469	4,044,469	3,746,765

Included in key management personnels compensation is directors' emoluments as disclosed in Note 30.

40. COMPARATIVES

- a) On 25 October 2021, the Company has completed the acquisition of the 100% equity interest in Dynagen Power (M) Sdn. Bhd., an unlisted limited liability company incorporated in Malaysia and principally involved in the operation of generation facilities that produce electric energy and transmission, distribution and sales of electricity. The Group had undertaken a purchase price allocation ("PPA") exercise. The goodwill on acquisition was then provisionally estimated in the previous financial year at MYR6,584,562 and included in the consolidated statement of financial position. As permitted by MFRS 3: Business Combinations, the provisional goodwill estimated in the previous financial year was reviewed during the financial year, and the final purchase price allocation was determined after completion of a final analysis. The identifiable assets at fair value have been revised as at the date of acquisition, and goodwill arising from this business combination has been revised to MYR2,794,118. This revision is accounted for retrospectively.
- b) Progress billings paid on investment properties was reclassified from deposits to capital work-in-progress under investment properties.

As a result of the above, certain comparative amounts as at 31 December 2021 have been adjusted and disclosed below:

	As at 31.12.2021 MYR	Effects of finalisation of PPA (Note a) MYR	Reclassification (Note b) MYR	As at 31.12.2021 (Restated) MYR
Group				
Assets				
Non-Current Assets				
Property, plant and equipment	41,066,985			41,066,985
Investment properties	11,037,372		6,364,871	17,402,243
Right-of-use assets	2,079,917			2,079,917
Intangible assets	8,326,565	639,631		8,966,196
Deferred tax assets	129,026			129,026
Trade receivables	11,065,333			11,065,333
	73,705,198			80,709,700
Current Assets				
Inventories	890,746			890,746
Trade receivables	64,572,248			64,572,248
Contract assets	60,950,861			60,950,861
Other receivables, deposits and prepayments	13,883,973		(6,364,871)	7,519,102
Deposits with licensed banks	35,577,583			35,577,583
Cash and bank balances	8,781,557			8,781,557
	184,656,968			178,292,097
Total Assets	258,362,166			259,001,797

40. COMPARATIVES (CONT'D.)

	As at 31.12.2021	Effects of finalisation of PPA (Note a)	Reclassification (Note b)	As at 31.12.2021 (Restated)
	MYR	MYR	MYR	MYR
Equity and Liabilities				
Equity Attributable to Owners of the Company				
Share capital	93,809,253			93,809,253
Foreign currency translation reserves	33,130			33,130
Treasury shares	(4,231)			(4,231)
Retained profits	30,853,175	(457,187)		30,395,988
	<u>124,691,327</u>			<u>124,234,140</u>
Non-controlling interest	241,989			241,989
Total Equity	<u>124,933,316</u>			<u>124,476,129</u>
Non-Current Liabilities				
Borrowings	29,247,908			29,247,908
Lease liabilities	696,118			696,118
Deferred tax liabilities	43,000	1,096,818		1,139,818
Trade payables	4,070,488			4,070,488
	<u>34,057,514</u>			<u>35,154,332</u>
Current Liabilities				
Trade payables	43,638,118			43,638,118
Contract liabilities	11,797,295			11,797,295
Other payables and accruals	3,704,547			3,704,547
Borrowings	38,870,869			38,870,869
Lease liabilities	374,839			374,839
Current tax liabilities	985,668			985,668
	<u>99,371,336</u>			<u>99,371,336</u>
Total Liabilities	<u>133,428,850</u>			<u>134,525,668</u>
Total Equity and Liabilities	<u>258,362,166</u>			<u>259,001,797</u>

40. COMPARATIVES (CONT'D.)

	As at 31.12.2021	Reclassificat- ion (Note b)	As at 31.12.2021 (Restated)
	MYR	MYR	MYR
Company			
Assets			
Non-Current Assets			
Property, plant and equipment	4,519,078		4,519,078
Investment properties	9,165,650	3,255,124	12,420,774
Right-of-use assets	1,964,417		1,964,417
Investment in subsidiary companies	147,841		147,841
Deferred tax assets	69,026		69,026
Trade receivables	11,065,333		11,065,333
	<u>26,931,345</u>		<u>30,186,469</u>
Current Assets			
Trade receivables	63,687,484		63,687,484
Contract assets	60,950,861		60,950,861
Other receivables, deposits and prepayments	3,907,705	(3,255,124)	652,581
Amount due from subsidiary companies	35,329,162		35,329,162
Deposits with licensed banks	35,103,888		35,103,888
Cash and bank balances	2,100,594		2,100,594
	<u>201,079,694</u>		<u>197,824,570</u>
Total Assets	<u>228,011,039</u>		<u>228,011,039</u>

41. SIGNIFICANT EVENTS

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

On 19 January 2022, KAB Energy Holdings Sdn. Bhd. (“KABEH”) had entered into a term sheet with SCB to acquire 300,000 ordinary shares in PTIME, representing 100% of the total paid-up capital in PTIME.

On 29 July 2022, KABEH entered into a conditional share purchase agreement (“CSPA”) with SCB and 3 individuals for the proposed acquisition for a cash consideration of MYR10,000. In addition, KABEH will facilitate the settlement of debts, liabilities and shareholders’ advances of PTIME capped at MYR74.99 million.

On 17 October 2022, Kenanga Investment Bank Berhad (“Kenanga IB”) had announced on behalf of the Board that the Company received a letter dated 13 October 2022 from SCB, notifying KAB that SCB had obtained a restraining order in the High Court of Kuching (“Court”) pursuant to Section 368 of the Companies Act, 2016 in Malaysia (“Restraining Order”). In the said letter, SCB informed that it would be unable to proceed with the fulfilment of conditions precedent and pre-handover issues of the CSPA during the period of the Restraining Order. SCB also stated in the letter that it would notify KAB when the Restraining Order is lifted by the Court. On 10 February 2023, SCB informed that leave was obtained from the Court.

On 14 December 2022, Bursa Malaysia Securities Berhad (“Bursa Securities”) granted the approval for an extension of time until 15 April 2023 to issue the circular in relation to the proposed acquisition.

On 27 April 2023, shareholders’ approval was obtained at Extraordinary General Meeting (“EGM”) to proceed with the Proposed Acquisition of PTIME.

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

- (ii) Multi-Currency Islamic Medium Term Note Programme of up to MYR500 million (“Sukuk Murabahah”)

On 31 January 2022, the Group had completed the maiden issuance of Sukuk Murabahah of MYR19.95 million. The proceeds were utilised to advance to its subsidiaries to refinance its existing loan and to fund the minimum balance and build-up requirement in the designated bank accounts, for an amount up to MYR19.95 million (“Tranche 1 Sukuk Murabahah”).

- (iii) Proposed Acquisition of Matahari Suria Sdn. Bhd. (“MSSB”) from Unique Forging & Components Sdn. Bhd. (“UFC”) (“Proposed Acquisition of MSSB”)

On 18 August 2022, KABEH had entered into a Share Sale Agreement with UFC to acquire 1,000,000 ordinary shares in MSSB, representing 100% of the total paid-up capital in MSSB, for a cash consideration of MYR5.30 million.

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

41. SIGNIFICANT EVENTS (CONT'D.)

- (iv) Proposed Diversification

On 7 September 2022, Kenanga IB announced on behalf of the Board that the Company proposed to undertake a diversification of the business of KAB and its subsidiaries to include the provision of sustainable energy solution.

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

- (v) Proposed Acquisition of Future Biomass Gasification Sdn. Bhd. (“FBG”) from Future NRG Sdn. Bhd. (“FNSB”) (“Proposed Acquisition of FBG”)

On 9 November 2022, KABEH had entered into a term sheet with FNSB to acquire 380,000 ordinary shares in FBG, representing 100% of the total paid-up capital in FBG.

On 16 January 2023, KABEH entered into a Sale and Purchase of Shares Agreement (“SPA”) with FNSB for a total consideration of MYR15 million.

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

42. EVENT AFTER THE REPORTING PERIOD

Joint Venture with PETRONAS Gas Berhad (“PGB”) in Sipitang Utilities Sdn. Bhd. (“SUSB”, formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd.).

On 12 January 2023, KABEH had signed a Share Sales and Purchase Agreement with PGB to acquire 10% stake in SUSB, a wholly-owned subsidiary of PGB for a total consideration of MYR2,080 and the transaction was completed on 21 February 2023.

KABEH had also signed a Shareholders Agreement with PGB to assume the role of technical partner in the joint venture with PGB, to co-own and undertake MYR230 million power plant project in Sabah, which will be the sole energy supplier to PETRONAS nearshore floating liquified natural gas facility.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dato' Lai Keng Onn and Goh Kok Boon, being two of the directors of Kejuruteraan Asastera Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 123 to 211 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2022 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

Dato' Lai Keng Onn

Kuala Lumpur,
Date : 27 April 2023

Goh Kok Boon

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Hoon Siew Yen, MIA No. 9913 , being the officer primarily responsible for the financial management of Kejuruteraan Asastera Berhad, do solemnly and sincerely declare that the financial statements set out on pages 123 to 211, to the best of my knowledge and belief, are correct.

And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Kuala Lumpur this 27 April 2023.

**Hoon Siew Yen
(MIA No. 9913)**

Before me

Commissioner for Oaths

List of Properties

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/Valuation (V)	Audited Net Book Value As At 31.12.2022 (MYR)
PM 8456, Lot 101280, Mukim of Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Three-storey shop office currently used as our Company's headquarters	N/A/190	8	99-year leasehold, expiring on 5 April 2110 (i.e. remaining tenure of approximately 87 years as at Dec'22)	23 Mar 2017 (V)	3,341,619
Property address: No.18, Jalan Radin Bagus, 9, Bandar Baru Seri Petaling, 57000 Kuala Lumpur.						
HSD 13198, PT 8891, Mukim Kajang, Daerah Ulu Langat, Negeri Selangor	One and half storey terrace factory as warehouse	N/A/222.96	27	Freehold	28 April 2017 (V)	1,152,666
Property address: No. 86, Jalan Taming 5, Taming Jaya Industrial Park, 43300 Balakong, Selangor Darul Ehsan.						
GRN 190203, Lot 128236, Mukim Klang, Daerah Klang, Negeri Selangor	Three storey Shop Office	N/A/153	6	Freehold	9 September 2021 (V)	1,345,538
Property address: Lot No.19 Gravit 8, PT 128236, Kota Bayu Emas/KS9, 42000 Pel. Klang, Selangor Darul Ehsan.						
GRN Mukim 283, Lot 1098, Tempat Batu 8, Jalan Kuala Lumpur, Mukim Cheras, Daerah Hulu Langat, Negeri Selangor	Residential	N/A/144.65	6	Freehold	7 September 2021 (V)	707,740
Property address: B-19-07 Green Residence Condo, Jalan Sayang 1, Taman Rasa Sayang, 43200 Batu 9 Cheras, Selangor Darul Ehsan.						

List of Properties

Location and Address of Properties	Brief Description and Existing Use	Land/ Built-Up Area (Sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/Valuation (V)	Audited Net Book Value As At 31.12.2022 (MYR)
HSD 156027, PT 148718, Mukim Klang, Daerah Klang, Negeri Selangor	Residential	N/A/59	5	Freehold	13 June 2016 (A)	322,015
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, Negeri Selangor	Vacant land held for development	6,015	Not applicable	99-year leasehold, expiring on 3 December 2105 (i.e. remaining tenure of approximately 82 years as at Dec'22)	1 July 2021 (V)	3,259,686
Geran 321056, Lot 72023 (formerly 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, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/70.8	2	Freehold	5 May 2021 (A)	572,891
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 31.12.2022 (MYR)
Geran 78870, Lot 480726, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/70.8	2	Freehold	5 May 2021 (A)	572,891
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/93.7	2	Freehold	21 July 2021 (A)	688,072
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, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/70.8	2	Freehold	26 October 2021 (A)	552,354
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	2	99-year leasehold, expiring on 25 January 2094 (i.e. remaining tenure of approximately 71 years as at Dec'22)	10 December 2021 (A)	605,884
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 31.12.2022 (MYR)
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	2	99-year leasehold, expiring on 25 January 2094 (i.e. remaining tenure of approximately 71 years as at Dec'22)	10 December 2021 (A)	609,404
Property address: A-36-06, Block A, Residensi Xtreme Meridian, Jalan Bemban, Ampang, Selangor, 55000 Kuala Lumpur.						
GM 105, Lot 274, Mukim Ampang, Tempat Batu 4 Ampang Road, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/146	2	Freehold	10 December 2021 (A)	902,003
Property address: B-09-13, The Elements, No.5, Jalan Bemban Ampang, Off Jalan Ampang, 55000 Kuala Lumpur.						
Geran 78870, Lot 480726, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/115	1	Freehold	17 January 2022 (A)	846,123
Property address: E-31-01, Ekocheras Service Apartment, No.693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur.						
Geran 78870, Lot 480726, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/108	1	Freehold	2 February 2022 (A)	787,310
Property address: H-20-10, 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 31.12.2022 (MYR)
Geran 78870, Lot 480726, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Residential	N/A/71	1	Freehold	2 February 2022 (A)	556,898
Property address: H-30-05, Ekoheras Service Apartment, No. 693, Jalan Cheras, Batu 5, 56000 Kuala Lumpur.						
Geran 333002/M1/2/53 Mukim Klang, Daerah Klang, Negeri Selangor	Residential	N/A/282	1	Freehold	02 February 2022 (A)	1,715,481
Property address: L1-07, Gravit 8, Jalan Bayu Laut/KS9, Kota Bayumas, 41200 Klang, Selangor.						
PT 357, HSD 185508, Pekan Sungai Besi, District of Petaling, Selangor Darul Ehsan.	Four storey shop office	N/A/164	1	99-year leasehold, expiring on 28 May 2102 (i.e. remaining tenure of approximately 80 years as at Dec'22)	20 Feb 2020 (V)	1,013,193
Property address: No. 12A, Jalan Dagang SB 4/1 Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor.						
PT 357, HSD 185509, Pekan Sungai Besi, District of Petaling, Selangor Darul Ehsan.	Four storey shop office	N/A/164	1	99-year leasehold, expiring on 28 May 2102 (i.e. remaining tenure of approximately 80 years as at Dec'22)	19 Mar 2010 (A)	1,013,193
Property address: No. 12, Jalan Dagang SB 4/1 Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor.						

Shareholdings Statistics

As at 5 April 2023

ANALYSIS OF SHAREHOLDINGS AS AT 05 APRIL 2023

Total number Issued Shares as at 5 April 2023	: 1,807,994,669 ordinary shares
Treasury Shares as at 5 April 2023	: 88,898 ordinary shares
Adjusted Capital (after netting treasury shares as at 5 April 2023)	: 1,807,905,771 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS PER RECORD OF DEPOSITORS AS AT 5 APRIL 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	564	12.89	19,018	0.00
100 - 1,000	394	9.00	200,853	0.01
1,001 - 10,000	1,613	36.85	9,667,718	0.53
10,001 - 100,000	1,382	31.57	49,744,391	2.75
100,001 - 90,395,288*	421	9.62	1,212,746,825	67.08
90,395,288 and above**	3	0.07	535,526,966	29.62
TOTAL	4,377	100.00	1,807,905,771	100.00

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2023

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

Name of Shareholders	Nationality/ Incorporated in	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Dato' Lai Keng Onn	Malaysian	432,379,600	23.92	186,300,000 ⁽¹⁾	10.31
Stocqtech Sdn. Bhd.	Malaysia	162,900,000	9.00	-	-
Kington Tong Kum Loong	Malaysian	357,395,148	19.77	6,485,003 ⁽²⁾	0.36

Notes:-

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

(2) Deemed interest through shares held by Regalis Investment Ltd pursuant to Section 8 of the Act.

Shareholdings Statistics

As at 5 April 2023

DIRECTORS' SHAREHOLDINGS AS AT 5 APRIL 2023

The Directors' shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

Name of Directors	Nationality	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Datuk Dr. Ong Peng Su	Malaysian	-	-	-	-
Dato' Lai Keng Onn	Malaysian	432,379,600	23.92	186,300,000 ⁽¹⁾	10.31
Choong Gaik Seng	Malaysian	3,318,800	0.18	-	-
Datin Chan Pey Kheng	Malaysian	9,414,709	0.71	-	-
Goh Kok Boon	Malaysian	1,354,050	0.08	-	-
Lu Chee Leong	Malaysian	-	-	-	-
Tong Siut Moi	Malaysian	-	-	-	-

Notes:-

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

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 APRIL 2023 (ORDINARY SHARES)

No.	Name	No of Shares Beneficially Held	%
1.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MGN-LKO0003M)	191,827,500	10.61
2.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	180,799,466	10.00
3.	Stocqtech Sdn. Bhd.	162,900,000	9.01
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Dato' Lai Keng Onn (PB)	63,405,000	3.51
5.	HSBC Nominees (Asing) Sdn. Bhd. Societe Generale Paris	57,824,760	3.20
6.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	48,994,000	2.71
7.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MGN-LKO0002M)	46,230,534	2.56
8.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	36,682,500	2.03
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Koon Poh Kong (PB)	36,000,000	1.99
10.	AMSEC Nominees (Tempatan) Sdn. Bhd. Ambank (M) Berhad	34,802,000	1.92
11.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (MY3648)	32,754,523	1.81

Shareholdings Statistics

As at 5 April 2023

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 5 APRIL 2023 (ORDINARY SHARES)

No.	Name	No of Shares Beneficially Held	%
12.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun (PJCAC 328903)	32,594,400	1.80
13.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	32,000,000	1.77
14.	Kington Tong Kum Loong	29,035,082	1.61
15.	GAT Success (M) Sdn. Bhd.	27,040,000	1.50
16.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	27,000,000	1.49
17.	Amanah Warisan Berhad	26,500,000	1.47
18.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Deutsche Bank AG Singapore (Maybank SG PWM)	24,000,000	1.33
19.	Fastrans Ventures Sdn. Bhd.	23,400,000	1.29
20.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (E-SS2)	22,700,000	1.26
21.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	22,050,000	1.22
22.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiau Haw Choon (7009581)	19,000,000	1.05
23.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Eng Sia	18,394,477	1.02
24.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MY3685)	17,700,000	0.98
25.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	17,000,000	0.94
26.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN for Bank of Singapore Limited (Foreign)	16,630,063	0.92
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Loi Chee Fong (MY4320)	16,545,500	0.92
28.	Lee Sook Ching	16,474,000	0.91
29.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Chen Foong (MY1718)	16,300,000	0.90
30.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	15,887,543	0.88
TOTAL		1,312,471,348	72.60

Shareholdings Statistics

As at 5 April 2023

ANALYSIS OF WARRANTS HOLDINGS AS AT 05 APRIL 2023

No. of Warrants issued : 845,902,607
 Exercise price per warrant : MYR1.20
 Expiry date : 29 April 2024

DISTRIBUTION OF WARRANT HOLDERS AS PER RECORD OF DEPOSITORS AS AT 5 APRIL 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	615	12.30	16,785	0.00
100 - 1,000	323	6.46	160,067	0.02
1,001 - 10,000	1,148	22.96	6,665,920	0.79
10,001 - 100,000	1,898	37.96	82,043,455	9.70
100,001 - 42,295,129*	1,015	20.30	700,935,380	82.86
42,295,130 and above**	1	0.02	56,081,000	6.63
TOTAL	5,365	100.00	845,902,607	100.00

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

DIRECTORS' WARRANT HOLDINGS AS AT 5 APRIL 2023

Name of Shareholders	Nationality/ Incorporated in	No. of Shares Beneficially Held			
		Direct	%	Indirect	%
Datuk Dr. Ong Peng Su	Malaysian	-	-	-	-
Dato' Lai Keng Onn	Malaysian	41,348,800	4.89	11,700,000 ⁽¹⁾	1.38
Choong Gaik Seng	Malaysian	-	-	-	-
Datin Chan Pey Kheng	Malaysian	4,707,354	0.55	-	-
Goh Kok Boon	Malaysian	677,025	0.08	-	-
Lu Chee Leong	Malaysian	-	-	-	-
Tong Siut Moi	Malaysian	-	-	-	-

Notes:-

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

Shareholdings Statistics

As at 5 April 2023

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 5 APRIL 2023 (WARRANTS)

No.	Name	No. of Warrant Beneficially Held	%
1.	Lotus Win Sdn. Bhd.	56,081,000	6.63
2.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Dato' Lai Keng Onn (PB)	31,702,500	3.75
3.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun (PJCAC 328903)	20,948,200	2.48
4.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong (MY3648)	17,932,061	2.12
5.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kington Tong Kum Loong	13,162,700	1.56
6.	Fastrans Ventures Sdn. Bhd.	11,700,000	1.38
7.	Ng Soon Tong	9,714,900	1.15
8.	Koon Hoi Chun	9,500,820	1.12
9.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sim Ah Seng	8,053,120	0.95
10.	M&A Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Chee Hong (M&A)	7,500,000	0.89
11.	Koh Chee Yong	7,000,400	0.83
12.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Weng Fui (MY3499)	6,993,636	0.83
13.	Chong Mee Sin	6,900,000	0.82
14.	Lee Siew Yong	6,700,000	0.79
15.	HSBC Nominees (Asing) Sdn. Bhd. Societe Generale Paris	6,012,760	0.71
16.	Khairul Azuan Bin Othman	5,862,500	0.69
17.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn (MY3685)	5,850,000	0.69
18.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mok E. King	5,500,000	0.65
19.	Sim Ah Yoke	5,232,400	0.62
20.	Nik Joharris Bin Nik Ahmad	5,000,000	0.59
21.	Tang Kie Hung	4,721,900	0.56
22.	Tan Soon Chong	4,719,400	0.56
23.	Low Pek Kok	4,500,000	0.53
24.	Tan Hong Huat	4,315,000	0.51
25.	Lee Beng Choo	4,219,200	0.50
26.	Mohamad Nor Hisham Bin Jabiri @ Jufri	4,102,700	0.49
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Hoi Chun (MY3799)	4,100,000	0.48
28.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeow Kuei Chai (YEO1052M)	3,800,000	0.45
29.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Lai Keng Onn	3,796,300	0.45
30.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Soon Chong	3,500,000	0.41
	TOTAL	289,121,417	34.18

Notice of Fully Virtual Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting (“26th AGM”) of Kejuruteraan Asastera Berhad (“KAB” or “the Company”) will be held on a fully virtual basis vide Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> on Tuesday, 30 May 2023 at 9:30 a.m., or at any adjournment thereof, for the following purposes:-

Day, Date and Time	Tuesday, 30 May 2023 at 9:30 a.m.
Online Meeting Platform	Securities Services e-Portal at https://sshsb.net.my/ (Domain Registration No. with MyNIC Berhad: D4A004360)
Meeting Title	KEJURUTERAAN ASASTERA BERHAD 26TH VIRTUAL AGM
Mode of Communication	<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 Tuesday, 30 May 2023.</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 2022 together with the Reports of the Directors and the Auditors thereon. | Please refer to Explanatory Note 1 |
| 2. To approve the payment of Directors’ fees payable to the Directors of the Company amounting to MYR550,000.00/- for the financial year ending 31 December 2023. | Resolution 1 |
| 3. To re-elect the following Directors who are retiring in accordance with Clause 76(3) of the Company’s Constitution, and being eligible, have offered themselves for re-election:-
(a) Dato’ Lai Keng Onn; and
(b) Ms. Tong Siut Moi. | 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 Resolution:-

5. **Ordinary Resolution**
- Authority to Issue Shares pursuant to the Companies Act 2016 **Resolution 5**

“**THAT**, subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND THAT pursuant to Section 85 of the Act to be read together with Clause 12(2) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to this mandate;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

6. **Ordinary Resolution**
Proposed Renewal of Authority for Share Buy-Back **Resolution 6**

“**THAT**, subject to the Companies Act 2016 (“the Act”), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, the Company be and is hereby authorised to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit, necessary and expedient in the interest of the Company (“Proposed Renewal of Share Buy-Back Authority”) provided that: -

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase;

Notice of Fully Virtual Annual General Meeting

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

- i. cancel all the shares so purchased; and/or
- ii. retain the ordinary shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or transfer under an employees' share scheme and/or transfer as purchase consideration; and/or
- iii. retain part thereof as treasury shares and cancel the remainder; or
- iv. in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other authority for the time being in force;

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until: -

- a. the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- c. the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first,

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interests of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board of Directors may deem fit and expedient in the best interests of the Company."

7. Special Resolution

Proposed change of Company's name from "Kejuruteraan Asastera Berhad" to "Kinergy Advancement Berhad" ("Proposed Change of Name")

"**THAT** the name of the Company be changed from "Kejuruteraan Asastera Berhad" to "Kinergy Advancement Berhad" with effect from the date of the Notice of Registration of New Name issued by the Companies Commission of Malaysia and that the Constitution of the Company be hereby amended accordingly, wherever the name of the Company appears.

AND THAT, the Directors and/or Secretary of the Company be and are hereby authorised to give effect to the Proposed Change of Name with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities."

Special Resolution 1

Notice of Fully Virtual Annual General Meeting

8. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

(duly signed)

CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)

CHENG CHIA PING (SSM PC No. 202008000730) (MAICSA 1032514)

Company Secretaries

Kuala Lumpur

28 April 2023

Notes:

(A) Information for Shareholders/Proxies

1. As a precautionary measure amid the outbreak of Coronavirus Disease ("COVID-19") pandemic, KAB shall conduct the 26th AGM as a virtual general meeting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn. Bhd. via its Securities Services e-Portal at <https://sshbsb.net.my/>.

By utilising the RPV facilities at Securities Services e-Portal (prior registration as a User is required), shareholders are to remotely attend, participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the 26th AGM. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities and take note of Notes (2) to (9) below in order to participate remotely via RPV facilities.**

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2023 ("General Meeting Record of Depositors") shall be eligible to participate, speak and vote at the AGM.
3. A member (including authorised nominee) entitled to attend and vote at the Meeting via RPV facilities, may appoint more than one (1) proxy to attend and vote at the AGM via RPV facilities, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main Market Listing Requirement of Bursa Securities, and the Rules of Bursa Malaysia Depository Sdn. Bhd. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the AGM via RPV facilities is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the AGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM via RPV facilities shall have the same rights as the member to attend, participate, speak and vote at the AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to eservices@sshbsb.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.

Notice of Fully Virtual Annual General Meeting

7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at Securities Services e-Portal at <https://sshsb.net.my/>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**

8. Publication of Notice of 26th AGM and Proxy Form on corporate website

Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of KAB at https://asastera.com/general_meeting.html.

9. Submission of Proxy Form in either hard copy form or electronic form

The appointment of proxy(ies) may now be made either in hard copy form or by electronic form, and shall be deposited with the Company's Poll Administrator, namely, SS E Solutions Sdn. Bhd., either at the designated office as stated below or vide Securities Services e-Portal, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjournment thereof (i.e., **on or before Sunday, 28 May 2023 at 9:30 a.m.**):-

Mode of Submission	Designated Address
Hard copy	SS E Solutions Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@sshsb.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://sshsb.net.my/

Explanatory Notes:-

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2022

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item is not put forward for voting.

2. Resolution 1 - Payment of Directors' fees

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors of a listed company shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval at the 26th AGM of the Company on the following resolution:-

- **Ordinary Resolution 1** is proposed to seek the shareholders' approval for the payment of Directors' fees payable to the Directors of an amount of up to MYR550,000.00/- for the financial year ending 31 December 2023.

3. Resolutions 2 and 3 - Re-election of Directors

In determining the eligibility of the Directors to stand for re-election at the forthcoming 26th AGM of the Company, the Nominating Committee ("NC"), as guided by the requirements of Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities has recommended Dato' Lai Keng Onn and Ms. Tong Siut Moi, for re-election as Directors pursuant to Clause 76(3) of the Constitution of the Company ("Retiring Directors"). The Board has conducted a separate assessment and being satisfied with the performance/contribution of the Retiring Directors. Therefore, the Board recommended that the same to be tabled to the shareholders of the Company for approval at the forthcoming 26th AGM of the Company under Resolutions 2 and 3, respectively.

The evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2022 of the Company. All the Retiring Directors have consented to their re-election, and abstained from deliberations and voting in relation to their individual re-election at the NC and Board Meetings, respectively. The Retiring Directors also provided the fit and proper declarations in the prescribed forms in accordance with the Directors' Fit & Proper Policy adopted by the Company.

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 26th AGM of the Company. The evaluation criteria adopted as well as the process of assessment by the AC and Board, respectively, have been duly elaborated in the Corporate Governance Report of the Company for the financial year ended 31 December 2022.

5. Resolution 5 - Authority to Issue Shares pursuant to the Companies Act 2016

The proposed resolution is intended to renew the authority granted to the Directors of the Company at the Twenty-Fifth Annual General Meeting of the Company held on 27 May 2022 ("Previous Mandate") to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares does not exceed 10% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "General Mandate").

The said General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time to meet its funding requirements.

The Board, having considered the current and prospective financial position, working capital requirements and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

Pursuant to Section 85 of the Act read together with Clause 12(2) of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

The proposed Resolution 5, if passed, will exclude existing shareholders' pre-emptive rights to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Resolution.

6. Resolution 6 - Proposed Renewal of Share Buy-Back Authority

The proposed resolution is intended to allow the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares in the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Please refer to Statement to Shareholders dated 28 April 2023 available together with the Annual Report 2022 for more information.

7. Special Resolution: Proposed Change of Company's Name

On 6 April 2023, the Company had announced to Bursa Malaysia Securities Berhad that the Board of Directors had proposed to change the Company's name from "Kejuruteraan Asastera Berhad" to "Kinergy Advancement Berhad" ("Proposed Change of Name").

The proposed name of "Kinergy Advancement Berhad" was approved and reserved by the Companies Commission Malaysia ("CCM") on 6 April 2023.

The Proposed change of Company's name is subject to the approval of shareholders of the Company by way of Special Resolution which requires a majority of not less than three fourth of such members of the Company as being entitled to do vote in person or by proxy at the 26th AGM of the Company. The Proposed Change of Name, if approved by the shareholders, will take effect from the date of issuance of the Notice of Registration of New Name by the CCM to the Company.

Please refer to Please refer to the Circular to Shareholders dated 28 April 2023 for further information.

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

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

being a member of Kejuruteraan Asastera Berhad, hereby appoint(s):-

Proxy 1			
Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email	Contact No.		

and/or* (*delete as appropriate)

Proxy 2			
Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email	Contact No.		

or failing him/ her* the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on a **fully virtual basis** vide Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> on Tuesday, 30 May 2023 at 9:30 a.m. or any adjournment thereof.

* Delete the words "or failing him/her, the Chairman of the Meeting" if you wish to appoint some other person(s) to be your proxy.

My/Our proxy is to vote as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
Resolution 1	To approve the payment of Directors' fees of the Company amounting to MYR550,000.00/- for the financial year ending 31 December 2023.		
Resolution 2	To re-elect Dato' Lai Keng Onn, a Director who retires pursuant to Clause 76(3) of the Company's Constitution.		
Resolution 3	To re-elect Ms. Tong Siut Moi, a Director who retires pursuant to Clause 76(3) of the Company's Constitution.		
Resolution 4	To re-appoint Messrs. Kreston John & Gan as Auditors of the Company until the conclusion of the next AGM and authorise the Directors to determine their remuneration.		
Resolution 5	As Special Business <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.		
Resolution 7	As Special Business <u>Special Resolution</u> Proposed Change of Company's Name from "Kejuruteraan Asastera Berhad" to "Kinergy Advancement Berhad"		

(Please indicate with an 'X' in the appropriate spaces how you wish to cast your vote. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.)

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Dated this _____ day of _____ 2023

Signature/Common Seal of Shareholder

Notes:-

1. As a precautionary measure amid the outbreak of Coronavirus Disease ("COVID-19") pandemic, KAB shall conduct the 26th AGM as a virtual general meeting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn. Bhd. via its Securities Services e-Portal at <https://sshsb.net.my/>.

The Broadcast Venue is strictly for the purpose of complying with Clause 52 of the Company's Constitution and Section 327(2) of the Act, which requires the Chairman of the meeting to be present at the main venue of the Meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the 26th AGM in person at the Broadcast Venue on the day of the Meeting.

By utilising the RPV facilities at Securities Services e-Portal (prior registration as a User is required), shareholders are to remotely attend, participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the 26th AGM. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities and take note of Notes (2) to (9) below in order to participate remotely via RPV facilities.**

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2023 ("General Meeting Record of Depositors") shall be eligible to participate, speak and vote at the AGM.

3. A member (including authorised nominee) entitled to attend and vote at the Meeting via RPV facilities, may appoint more than one (1) proxy to attend and vote at the AGM via RPV facilities, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main Market Listing Requirement of Bursa Malaysia Securities, and the Rules of Bursa Malaysia Depository Sdn. Bhd. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

4. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the AGM via RPV facilities is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the AGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM via RPV facilities shall have the same rights as the member to attend, participate, speak and vote at the AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the AGM

as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to eservices@sshsb.com.my during the Virtual AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

5. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

6. Where a member is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies of which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at Securities Services e-Portal at <https://sshsb.net.my/>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**

8. **Publication of Notice of 26th AGM and Proxy Form on corporate website**
Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of KAB at https://asastera.com/general_meeting.html.

9. **Submission of Proxy Form in either hard copy form or electronic form**

The appointment of proxy(ies) may now be made either in hard copy form or by electronic form, and, shall be deposited with the Company's Poll Administrator, namely, SS E Solutions Sdn. Bhd., either at the designated office as stated below or vide Securities Services e-Portal, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjournment thereof (i.e. **on or before Sunday, 28 May 2023 at 9:30 a.m.**):-

Mode of Submission	Designated Address
Hard copy	SS E Solutions Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@sshsb.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://sshsb.net.my/

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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



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

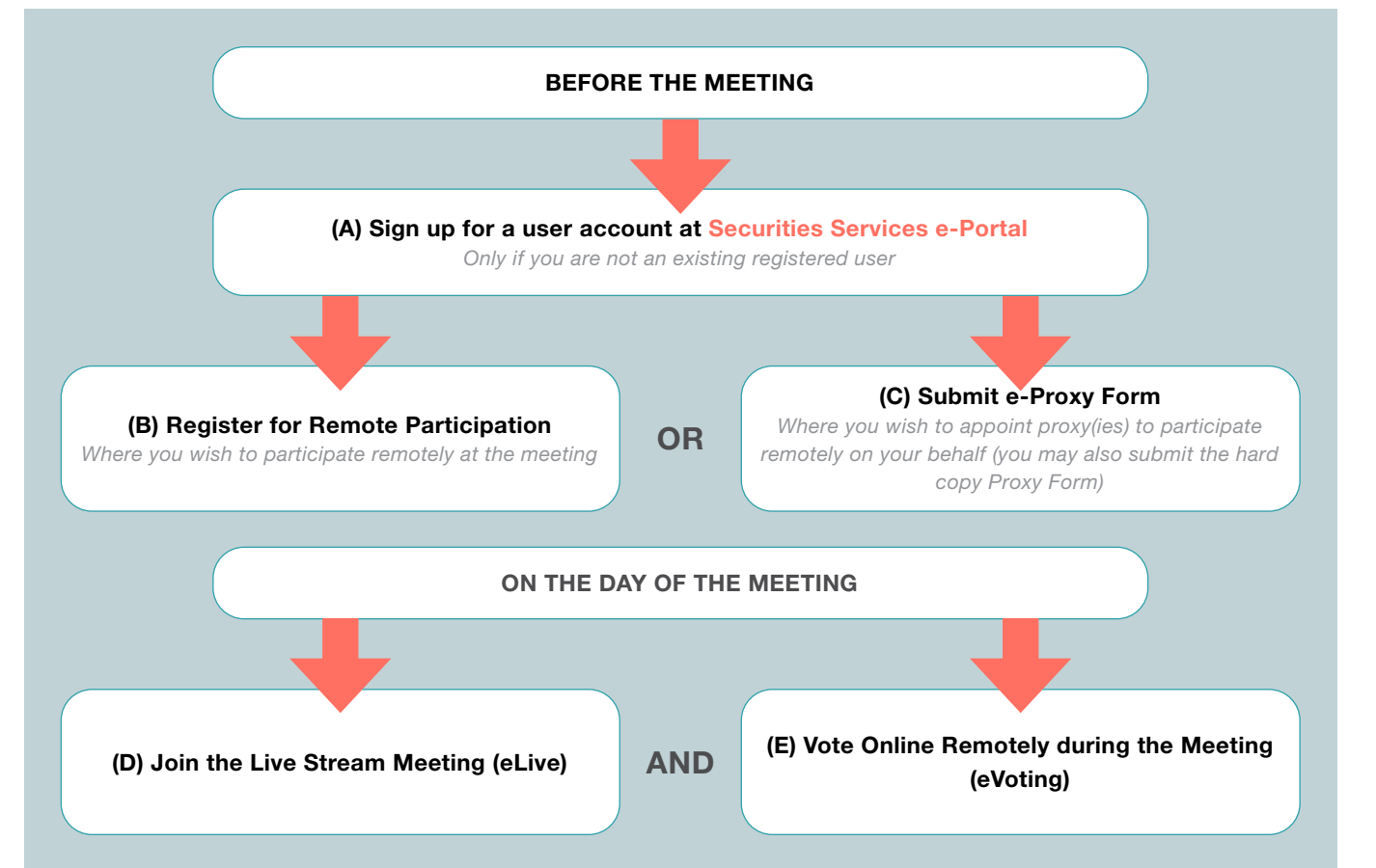
(referred to as “e-Services”).

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@sshsb.com.my.



BEFORE THE MEETING

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

- | | |
|---|--|
| <p>Step 1 Visit https://sshsb.net.my/</p> <p>Step 2 Sign up for a user account</p> <p>Step 3 Wait for our notification email that will be sent within one (1) working day</p> <p>Step 4 Verify your user account within seven (7) days of the notification email and log in</p> | <ul style="list-style-type: none"> We require 1 working day to process all user sign-ups. If you do not have a user account with the e-Portal, you will need to sign up for a user account by the deadlines stipulated below. Your registered email address is your User ID. |
|---|--|

To register for the meeting under (B) below, please sign up for a user account by 28 MAY 2023.

To submit e-Proxy Form under (C) below, please sign up for a user account by 25 MAY 2023, failing which you may only be able to submit the hard copy proxy form.

This is a ONE-TIME sign up only. If you already have a user account, please proceed to either (B) or (C) below.

(B) Register for Remote Participation at the Meeting

- Log in to <https://sshsb.net.my/> with your registered email and password.
- Look for **Kejuruteraan Asastera Berhad** under Company Name and **26th AGM on 30 May 2023 at 9:30 a.m. – Registration for Remote Participation** under Corporate Exercise / Event and click “>” to register for remote participation at the meeting.

- Step 1** Check if you are attending as –
- Individual shareholder
 - Corporate or authorised representative of a body corporate
- For body corporates, the appointed corporate / authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted at the Office of Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.*

Step 2 Submit your registration.

- All shareholders must register for remote participation at the meeting and are highly encouraged to register as early as possible and before the eLive access date and time [see (D) below] in order to ensure timely access to the meeting. Access shall be granted only to eligible shareholders in accordance with the General Meeting Record of Depositors as 23 May 2023.
- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- Your registration will apply to **all the CDS account(s)** of each individual shareholder / body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.
- As the meeting will be conducted on a virtual basis, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

(C) Submit e-Proxy Form

Meeting Date and Time	Proxy Form Submission Closing Date and Time
Tuesday, 30 May 2023 at 9:30 a.m.	Sunday, 28 May 2023 at 9:30 a.m.

- Log in to <https://sshsb.net.my/> with your registered email and password
- Look for **Kejuruteraan Asastera Berhad** under Company Name and **26th AGM on 30 May 2023 at 9:30 a.m. – Submission of Proxy Form** under Corporate Exercise / Event and click “>” to submit your proxy forms online for the meeting by the submission closing date and time above.

- Step 1** Check if you are submitting the proxy form as –
- Individual shareholder
 - Corporate or authorised representative of a body corporate
- For body corporates, the appointed corporate / authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted at the Office of Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.*

Step 2 Enter your CDS account number or the body corporate’s CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies).

You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.

Step 3 Proceed to indicate how your votes are to be casted against each resolution.

Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered users of the e-Portal, they will need to sign up as users of the e-Portal under (A) above by 25 MAY 2023.

PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.

ON THE DAY OF THE MEETING

Log in to <https://sshbsb.net.my/> with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Tuesday, 30 May 2023 at 9:30 a.m.	Tuesday, 30 May 2023 at 9:00 a.m.

➤ Look for **Kejuruteraan Asastera Berhad** under Company Name and **26th AGM on 30 May 2023 at 9:30 a.m. – Live Stream Meeting** under Corporate Exercise / Event and click “>” to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman / Board / Management / relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Tuesday, 30 May 2023 at 9:30 a.m.	Tuesday, 30 May 2023 at 9:30 a.m.

- If you are already accessing the Live Stream Meeting, click **Proceed to Vote** under the live stream player.
OR
- If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for **Kejuruteraan Asastera Berhad** under Company Name and **26th AGM on 30 May 2023 at 9:30 a.m. – Remote Voting** under Corporate Exercise / Event and click “>” to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder’s indicated votes in the proxy form.
- The access to eVoting will close as directed by the Chairman of the meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).



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